FINANCIAL TIMES

Northern Ireland

Why Blair needs Clinton

Philip Stephens, Page 12

Turkey

Yilmaz plays a poor hand skilfully

Page 3

On the bike track

Re-engineering the Senate

Management, Page 21

FT WEEKEND

Jancis Robinson on money and wine

TOMORROW

World Business Newspaper http://www.FT.com FRIDAY SEPTEMBER 26 1997

WORLD NEWS

Long-term bond yields in Japan hit a record low of 1.88%

Japanese long-term bond yields fell to a record low amid renewed fears about the direction of Japan's economy. The yield on the benchmark Japanese government long bond fell below 1.9 per cent for the first time to close at 1.88 per cent, sharply down from the levels seen earlier this summer. Page 14; World bonds, Page 22

Date set for fast-track vote
The House Ways and Means Committee has set the vote on President Clinton's fast-track authority for trade deals for October 8 – four days before he leaves for Brazil, Argentina and Venezuela. Page 5

Russia backs Lockerbie call
Russia joined African and Arab countries in the UN Security Council in pressing Britain and the US for a neutral venue for the trial of two Libyans accused of blowing up the Pan Am jet over Lockerbie. Page 7

Israel defiant on settlements
Israel has brushed aside international criticism over its settlement policy, despite a warning of more conflict from outgoing US ambassador Martin Indyk. Page 7

EU accepts banana ruling
Brussels said it will accept the WTO verdict against its banana import regime, despite its fears for banana-dependent Caribbean economies. Page 5

S&P in Malaysia warning
International rating agency Standard and Poor's has warned of potential large loan losses in Malaysia's financial sector and revised the outlook for credit ratings downward. Page 14

Ariane launch delayed again
The second mission of Ariane 5 – Europe's new rocket – has been delayed for two weeks. Page 5

Genetic food ruling
Food produced from genetically modified soyabeans or maize must be labelled from November 1 under new EU rules. Page 3

Mexico seeks standby credit
The Mexican government is negotiating a credit line of up to \$3.5bn with international banks to guard against "unforeseen contingencies". Page 14

Italian pension talks
Italy's PM Romano Prodi has embarked on critical talks with trade union leaders over pension spending, urging them to back a L4,500bn (\$2.6m) reduction in the 1998 budget. Page 2

UK warns over red meat
The UK government issued a health warning over the cancer risks of eating red meat. Page 8

Pressure on Lebanese pound
The Lebanese pound was under pressure after the cabinet rejected an \$800m economic plan proposed by prime minister Rafiq Hariri. Page 7

Daewoo chief in North Korea
Kim Woo-joong, chairman of South Korea's Daewoo, has made a secret trip to North Korea to rescue a joint venture project. Page 4

Audit fees rise: Fees paid to audit firms serving Britain's top companies rose 16 per cent over the past year. Growth was led by charges for non-audit work, up 26 per cent. Page 8

Spain to boost spending
Spain's centre-right government is set to approve a draft 1998 budget taking advantage of strong economic growth to raise public expenditure. Page 2

Gates gives Cambridge \$20m
Microsoft's Bill Gates has given Britain's Cambridge University a [illegible] donation of [illegible]

BUSINESS NEWS

Pinault casts an eye over insurance group GAN

François Pinault, the French businessman who last week launched a hostile bid for conglomerate Worms & Compagnie, is considering making an offer for GAN, the state-owned insurance group being prepared for privatisation. Page 15

ICB Shipping, the Swedish tanker operator fighting a hostile SKr3.22bn (\$426m) bid from Frontline, confounded its Bermuda-based rival by announcing the \$309m acquisition of Greek-owned Astro Tankers. Page 15

Brisa-Auto Estradas de Portugal, one of Europe's largest motorway operators, announced a 62.5 per cent increase in first-half profits to Es8.5bn (\$46.6m) ahead of an initial public offering in November. Page 16

Inter Milan, the Italian football club, took the first step towards a stock market flotation by appointing Morgan Stanley as its global co-ordinator. Page 16

Telefónica, the Spanish telecommunications group, confirmed plans for a further move into media through a deal with the UK-based Pearson group, owner of the Financial Times. Page 17

Air Liquide, the French industrial gases group, appointed new chief executive Benoit Potier alongside its two existing chief executives. Page 16

Fiat, Italy's largest private group, reported a 46.3 per cent rise in first-half pre-tax profits to L2,263bn (\$18.8bn). Page 16

Avis Europe, the car rental group, held out the hope of modest prices rises to come as competition eases. Page 20

Lafarge shares closed down slightly at FFr447 (\$74.50) after the French construction group announced strong growth in sales and operating results for the first half. Page 16

Seita, the French tobacco group best known for Gauloises and Gitanes cigarettes, reported a 8.6 per cent fall from FFr389.6m (\$64.9m) to FFr356m in half-yearly profits. Page 16

Westdeutsche Landesbank of Germany and Bank of America are showing interest in the sale of Penzintezeti Kozpont Bank, Hungary's last fully state-owned bank. Page 16

Tractebel, the Belgian utility and engineering group, said the merger with its own subsidiary Powerfin had helped increase first-half profits 7.2 per cent from BFr9.18bn (\$251.5m) to BFr9.84bn. Page 16

Promodès, the French retailer, increased the size of its hostile bid for rival Casino by FFr3bn (\$500m) to a maximum of FFr31bn. Page 15

Plans to privatise Banca di Roma were undermined after one of the organisations involved, Banca Agricola Mantovana, decided to pull out. Page 16

Skis Rossignol shares fell sharply after the chairman of the world's biggest alpine ski maker said he had no intention of selling the group to Nike. Page 16

The first tracker fund based on an east European index will be launched on October 1. The Osteuropa Index Trust will track the CECE, a composite following four markets. Page 22

Matif, the French futures and options exchange, is planning to list options on its five-year French government bond futures from October 20. Page 22

UK looks to early Emu entry

Declaration expected on likely participation soon after launch

By Robert Peston, Political Editor

The UK government is on the point of adopting a much more positive approach to European economic and monetary union, with a statement shortly that sterling is likely to join at an early opportunity after the 1999 launch.

"It is now clear that we must indicate our willingness to be in there," said a minister, adding there was "still work to do on how we would word such a declaration of intent".

Senior members of the cabinet are openly canvassing the prospect of sterling participation around the turn of the century, possibly before the next general election. This represents a big shift from the negative tone of most government statements only four months ago.

"It is no longer ridiculous to suggest we could win a referendum [which is a pre-condition of UK membership]," said a minister. "The climate has changed."

A statement outlining the conditions for sterling's membership would be made after parliament resumes at the end of October, he said.

The changed approach to Emu stems in part from a growing convergence of views between Robin Cook, the foreign secretary, and Gordon Brown, the chancellor.

Mr Brown has long been persuaded that sterling should participate in Emu, while the foreign secretary is more sceptical about the principle of monetary union. "Robin still believes it is the wrong project for Europe at the wrong time," said a colleague.

However Mr Cook now feels that if Emu is launched on robust foundations, the UK would be damaged if it remained on the sidelines.

Under the terms of the UK's opt-out from the project, which was negotiated by the previous government, there is a deadline of January 1 1998 for deciding to participate in the first wave at the start of 1999.

The prime minister has for the past year made clear that joining at the outset is extremely unlikely, but has been careful not to close off any options.

The UK takes over the rolling EU presidency in the first half of next year when many decisions about Emu will be taken.

"We have to be in the thick of that debate," said a minister. "But that will be impossible if they [other governments] think that we have no plans to join."

The UK is expected to meet the Maastricht criteria for membership, so it needs to outline a series of other conditions for sterling to join.

It is likely to point to the need for the respective economic cycles in the UK and on the continent to be more closely aligned. The prime minister has also made clear his conviction that continental labour markets should become more flexible along UK lines.

Lex, Page 14

PW chief forecasts 20% annual growth after merger

By Jim Kelly, Accountancy Correspondent

The super-firm that would be created by the planned merger of Coopers & Lybrand and Price Waterhouse could achieve growth of 20 per cent a year, according to Jim Schiro, its prospective chief executive.

Mr Schiro, currently global chief executive of PW, said: "You have to look at a market that is expanding, and I don't see it slowing down. I see 20 per cent as a realistic goal."

The merger plan, which still needs the backing of 8,500 partners from the two firms and approval by financial regulators in the US, Tokyo and the European Union, would combine two of the world's so-called Big Six accounting and business advice organisations.

Growth of 20 per cent would keep the merged firm ahead of all opposition in the Big Six at their current growth rates. Rival Andersen grew 17 per cent in the year to September 1996, although consulting grew by 22 per cent.

The combined revenues of the merged firms would be \$11.8bn based on 1996 figures, compared with \$9.5bn for Andersen's two separate business units – Arthur Andersen, the accountants, and Andersen Consulting, the management consultancy and information technology specialists.

Mr Schiro has seen 300 of PW's partners on both sides of the Atlantic since the merger announcement. Voting is expected in in November.

"I think we have an excellent chance of success," he said. "We wouldn't have come this far down the road otherwise."

He said the firm's growth would be driven not only by providing strategic advice and managing change for global companies but also by investing in the development of audit and accounting services. "One of the key drivers will be contemporaneous auditing," he said.

Mr Schiro said so-called "real-time" auditing – providing assurance and data for shareholders and managers on a continuous basis through sophisticated computer systems, rather

Continued on Page 14
Selling the super-firm, Page 17

US Treasury urges China to disclose full financial data

By Tony Walker in Beijing

China must guarantee the free flow of information to bolster its fledgling markets and guard against a Thai-style financial crisis, Robert Rubin, the US Treasury secretary, said in Beijing yesterday.

"Poor disclosure bears a portion of the blame for the financial crisis in south-east Asia, and for the problems Mexico experienced two years ago," he said.

Mr Rubin praised a decision by the official Xinhua news agency to reverse plans to interfere with the distribution of financial information by western wire services.

"The decision suggests to me that the Chinese authorities appreciate that you cannot have financial markets without access to the latest and best financial information," he said.

Western news organisations were outraged when Xinhua announced it would seek to impose restrictions on western distributors of financial data. But a strong international campaign forced Xinhua to back down.

In May, the news agency scrapped plans to charge foreign financial news groups, but Chinese organisations are still barred from direct buying of economic information from foreign suppliers. Xinhua retained the right to determine subscription rates for such information.

Reuters and Dow Jones, two companies whose operations in China have been threatened by the controls, welcomed Mr Rubin's announcement that a solution was being worked out.

"Today's news is most encouraging," Jeremy Penn, managing director of Reuters Asia, said. "Our aim is to ensure that our customers in China have access to the widest possible range of economic information so they can compete effectively in the global financial markets."

Mr Rubin, who is visiting Beijing following the International Monetary Fund/World Bank meeting in Hong Kong, made a strong plea for China to drive forward with its transition to a market economy.

He said privatisation throughout the world had proved "enormously important", adding: "Market forces trigger competition, which unleashes private initiative and fosters economic growth."

He also called for speedier reforms of China's debt-burdened banks and said the US was willing to assist in financial sector reform.

US Treasury secretary Robert Rubin walks on the Great Wall of China during a brief sight-seeing trip yesterday Picture: Reuters

Staff at Smith Barney and Salomon anxious

By Tracy Corrigan in New York

Fallout from the proposed merger of Smith Barney and Salomon Brothers hit Wall Street yesterday as rival investment banks started shopping around for disgruntled staff, and anxious workers began putting out feelers. The \$9bn deal is estimated to mean job cuts of up to 1,500, almost all in New York.

Retaining their best people is seen as the immediate challenge facing the managements of the merging companies.

Smith Barney employs 28,000, slightly more than 10,000 of them retailer brokers. Salomon has 6,800 staff.

"There have been a lot of conversations," said Joan Zimmerman, executive vice-president at GZ Stephens, the recruitment consultant. "Almost every major competitor on Wall Street, and most of the new entrants, are looking to hire either in specific areas where they have gaps or where they think there is exceptional talent."

Ms Zimmerman thought consolidation on Wall Street meant that "there will come a time when supply (of people) exceeds demand, but we are not there yet. As the wave of consolidation continues,

Continued on Page 14
Who needs bankers? Page 12
The Fit, Page 19

Markets

STOCK MARKET INDICES		
New York: lunchtime		
Dow Jones Ind Av	7,883.62	(−23.09)
NASDAQ Composite	1,686.04	(−1.37)
Europe and Far East		
CAC40	3,005.38	(−18.39)
DAX	4,148.58	(+46.19)
FTSE 100	5,085.5	(−11.7)
Nikkei	18,341.96	(−78.12)
US LUNCHTIME RATES		
Federal Funds	5⅝%	
3-mth Treas Bills: Yld	4.930%	
Long Bond	99½	
Yield	6.398%	
OTHER RATES		
UK: 3-mo Interbank	7¼%	(same)
UK: 10 yr Gilt	104.6563	(104.646)
France: 10 yr OAT	100.22	(100.18)
Germany: 10 yr Bund	103.390	(103.36)
Japan: 10 yr JGB	107.70	(107.73)
NORTH SEA OIL (Argus)		
Brent Dated	\$19.055	(18.535)

GOLD		
New York: Comex		
(Sept)	\$327.2	(323.6)
London:		
	\$326.75	(322.85)
EXCHANGE RATES		
Dollar		
New York: lunchtime		
£	1.626	
DM	1.77075	
FFr	5.948	
SFr	1.480	
Y	121.365	
London:		
£	1.6264	(1.6125)
DM	1.7678	(1.7717)
FFr	5.9377	(5.9532)
SFr	1.4561	(1.4567)
Y	120.950	(119.95)
Tokyo close		Y 120.80
Sterling		
DM	2.8751	(2.8596)

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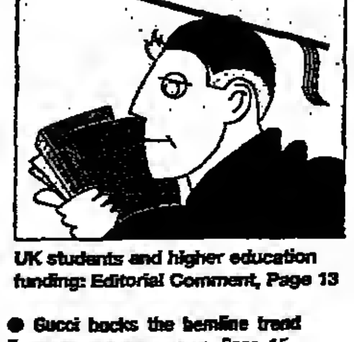
Bahrain	Din1.200	Belgium	BFr60	Cyprus	C£1.35
Denmark	DKr21.00	Estonia	EKr34.00	Finland	FMk15.00
France	FFr12.50	Gibraltar	£0.75	Greece	Dr450
Hungary	Ft340	Iceland	IKr295	Jordan	JD1.75
Kuwait	Fils750	Latvia	Ls 1.65	Lithuania	Lit21.00
Luxembourg	LFr60	Morocco	Dh18.00	Netherlands	Fl5.30
Nigeria	[illegible]	Norway	NKr22.00	Oman	OR1.75
Poland	Zl 7.50	Portugal	Esc250	Qatar	QR13.00
S.Arabia	SR13.00	S.Africa	R12.50	Spain	Pta275
Sweden	SKr22.00	Syria	[illegible]	Switzerland	SFr3.00
Tunisia	Din2.000	UAE	Dh13.00		

Inside

COMMENT & ANALYSIS



UK students and higher education funding: Editorial Comment, Page 13

TECHNOLOGY

FINANCE

EMERGING MARKETS

Prime Minister Romano Prodi urges $2.6bn reduction in 1998 budget expenditure

Italy's unions locked in pension talks

By James Blitz in Rome

Romano Prodi, the Italian prima minister, was last night locked in critical talks with the country's trade union leaders over ths future of pension spending, urging them to back a L4,500bn ($2.6bn) reduction in the 1998 budget.

As the long-running negotiation over pensions reached its climax, Mr Prodi insisted that cuts on this scale were essential if the country was to contain a projected boom in pensions expenditure in the next century.

The unions – which remain a formidable force in Italian political life – went into the negotiations insisting that the pension reductions should amount to no more than L3,000bn. While they accepted some details of the pension proposals to be announced in next weeks' budget statement, union leaders were adamant that further changes would be unpopular.

However, senior government officials were holding out hope last night tbat they could get union leaders to accept tbe additional cuts and announce an outline deal today or tomorrow.

The extra L1,500bn of savings the the government is seeking is 10 per cent of the L15,000bn in spending cuts that will be pencilled into the 1998 budget. But the fundamental point about the extra savings is that the measures they involve would bring significant expenditure reductions next century.

Taken at face value, the rhetoric surrounding tbe pensions debate would appear to pose a threat to Mr Prodi's administration. The far left Reconstructed Communist (RC) party – on whom the government relies for a majority in the Chamber of Deputies – is deeply hostile to most of the pension measures while union leaders are threatening strikes over the issue. Enrico Micheli, under-secretary to the prime minister, yesterday admitted that "this time it really is tough going and we are in a very difficult situation".

But ministers believe they can reacb a deal with the unions that would undermine the position of the RC. The dete for the final cabinet meeting to approve the budget has been brought forward to Saturday afternoon.

A package that delivers structural reforms is widely regarded as crucial if the country is to sustain its recent budgetary adjustments into the future. Spending on pensions takes up 14 per cent of gross domestic product, nearly donble the European Union average. The Italian Treasury was yesterday reported to have told the unions that it would have to cut expenditure by some L10,000bn in 1998 – double what ministers are seeking – to keep the expenditure/GDP ratio constant in 1998.

Mr Prodi was last night seeking to get the unions to accept three structural reforms in particular:

● Implementation of a new system for calculating pensions payouts. This would be based on lifetime contribntions to the stats acheme rather than the current system, which delivers a percentage of a final years's salary. The weight given to the contributions element would be gradually phased in from next year, becoming the sole factor in the early decades of the next century.

● Accelerated introduction of a higher minimum retirement age. The government is phasing in a schems which means that by 2006, private sector employees must be 57 years old in order to retire, or have made 40 years of contribntions. Tha govarnment wants to introduce this scheme by 2002.

● A freeze on so-called "early retirements" by public sector employees. State workers can "retire" in their 40s and 50s, receiving a payout based on contributions already made. The expectation is that, without a freeze, there will be a growing number of these retirements in future years amid public fears that pensions rules will be tightened.

Hungary, Slovakia at fault over dam

By Anatol Lieven in Budapest and Robert Anderson in Prague

The international Court of Justice at The Hague yesterday found both Hungary and Slovakia at fault over a dispute to build a hydroelectric power dam on the Danube.

The court ruled that Hungary acted illegally in unilaterally abandoning the 1977 treaty with Czechoslovakia to build the dam, but that Slovakia was also wrong then to finish the dam unilaterally and divert the river.

The court ordered that both sides sbould now negotiate in good faith to fulfil the aims of the original treaty, and that eacb should pay the other compensation – Hungary for abandoning the project, Slovakia for diverting the river.

Hungary stopped work on its part of the project in 1989, after widespread protests over the likely damage to ths environment. Slovakia pressed on and in 1992, despite an appeal from the European Union to delay work, opened a 25km channel to divert water from the Danube's main channel to the dam. It accounts for around 10 per cent of Slovakia's electricity generation.

The Hungarians claim that this both harmed the environment and took away Hungarian land, while the Slovaks argue that any damage has come from the fact that the Hungarians did not build a planned second dam further downstream.

In 1993, after Hungary pulled out of the treaty altogether, both sides agreed to refer tbe dispute to The Hague. Last month, there were bopes that a summit between Mr Horn and Vladimir Meciar, the Slovak premier, might produce a compromise. Since then, bowever, relations bave dropped to a low after Mr Meciar called in public for the voluntary repatriation of Slovakia's large Hungarian minority.

Both sides claimed yesterday's judgment as a victory. A Bratislava government spokesman said: "The decision has confirmed the legal position of Slovakia. Slovakia hopes to succeed in renewing negotiations with Hungary on common use of tbe Danube, wbicb was always [our] sincere wish."

Gyorgy Szenasi, leading the Hungarian legal team at The Hague, said: "Even if Hungary has to a certain extent lost the past, we have certainly won the future."

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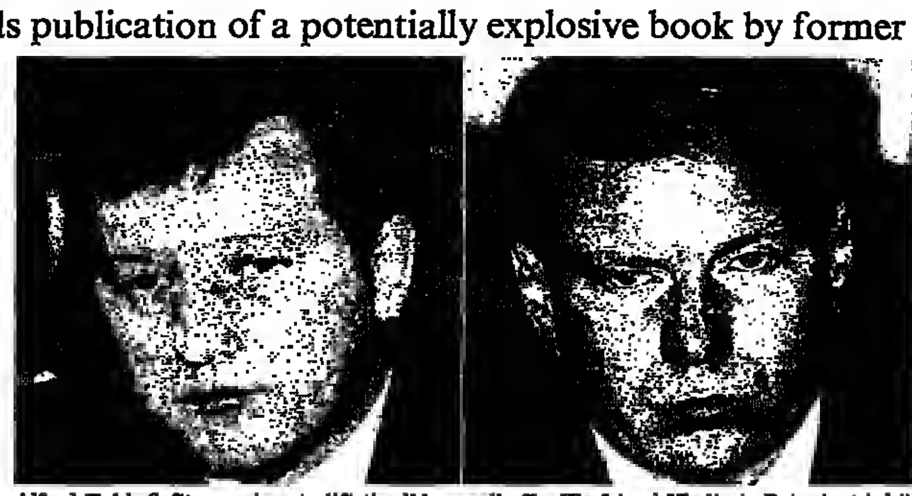
Banking on a Russian epic

Mystery surrounds publication of a potentially explosive book by former privatisation chief

By Chrystia Freeland in Moscow and Frances Williams in Geneva



Alfred Kokh (left) promises to lift the lid on sell-offs. His friend Vladimir Potanin (right), Oneximbank president, says links between the bank and book are coincidental

It should be the business and political publishing event of the year in new Russia.

Alfred Kokh, the man who presided over the privatisation of some of the most precious jewels in tha Russian economy, says be has written the inside story of how it was done. That was before he was pushed into premature retirement by Boris Yeltsin, the Russian president, this summer, under fire from some of the country's most powerful businessmen for being too friendly with their rivals. But publication of the book is still shrouded in mystery.

It was commissioned more than a year ago by a shadowy Swiss book-keeping company called Servina, which does not appear to have ever been involved in publishing before. Mr Kokh was paid an advance of $100,000 for his work, on his own admission. He declared the payment in an official statement of his sources of income, before be quit as privatisation minister in August.

The honorarium is now the subject of an inquiry by the Russian procuracy.

Mr Kokh claims to have delivered the manuscript to the publisher at the end of last year. A friend says he is now updating it with an extra chapter to take in the battles leading up to his resignation, and be expects publication before the end of the year. At the headquarters of Servina in Geneva, bowever, they say they have still not received the text. And there is considerable confusion over just bow the book was commissioned, and by wbom.

A key player in the affair is Siegfried Pasqual, now a full-time employee of Banque Unexim (Suisse), the wbolly-owned Swiss subsidiary of Oneximbank, which has emerged as the most powerful financial group in Russia. He was formerly a director of Servina, and apparently the inspiration behind the book commission.

Anotber is Vladimir Potanin, president of Oneximbank, and a close friend of Mr Kokh. The two took their families on holiday together in the sonth of France in August, sbortly after the former minister resigned.

Rival banks have accused Mr Kokh of favouring Oneximbank in Russia's bugely lucrative privatisations, but Mr Potanin insists that their friendship bas never been allowed to influence their professional relationship.

The bank has emerged as one of the most powerful of Russia's financial boiding companies over recent years. It now controls Sidanco, an oil company witb larger reserves than Mobil, Norilsk Nickel, the world's largest nickel mine in northern Siberia, and Svyazinvest, the hoiding company for regional telecommunications: all were acquired in the privatisation process.

Mr Potanin maintains that the links between Oneximbank and Mr Kokh's book are entirely coincidental.

"The only connection is by chance. The person wbo used to be a director of this company Servina is Mr Pasqual, and we invited him to work in our bank in Switzerland. That is the only link," he told ths Financial Times in an interview.

The Onsximbank president said he understood the book had been commissioned by Mr Pasqual, while he was working for Servina.

Mr Pasqual, speaking from his home in France, across the border from Geneva, said that the book would be published soon. He thought it would be in English. In an earlier interview with the Swiss weekly newspaper, L'Hebdo, he said he bad been inspired to publish the book wben he met Mr Kokh st the launch party for Unexímbank in Geneva. Servina was responsible for invitations to tbe event, which took place in October 1995.

However, Servina's publication plans for the hook hy Mr Kokh are still unclear. Francine Pellaton, administrator of the company, told the Financial Times the book was "in preparation for publication by the end of the year". However, shs said the book did not yet have a title and sbs did not know in what language it would be published. Sbe had not yet received a manuscript and did not know in what language it was being written.

Mr Kokh said in Moscow tbat be had delivered his manuscript, with the title, "Privatisation in Russia: economics and politics", to Servina at the end of last year. He said he did not know when, where or in what language it would be published.

Officials at Banque Unexim (Suisse) say that Mr Pasqual is a full-time employee of the bank, in charge of client relations. However, telepbone receptionists at Servina last week took messages for him.

In mid-August Pierre Veya, economics editor of L'Hebdo, called Servina to inquire about Mr Kokh's book fee. Mr Pasqual, whom the receptionist identified as tbe person responsible for the Kokh deal, came to the telephone to answer questions. Mr Pssqual also answered questions posed to him by the Financial Times about Mr Kokh's book, saying it would bs pnblished soon.

Both Mr Pasqual and Ms Pellaton refused to comment when asked directly if be was still an owner or employee of Servina. William Burklé, managing director of Banqne Unexim (Suisse), said be was unaware of any connection between Mr Pasqual and Servina until he read about it in L'Hebdo.

"Normally, he should not be employed by any other firm, since he is a colleague of ours, a normal full-time colleague," Mr Burklé said. "There is no connection between Unexímbank Switzerland and this firm (Servina)."

Mr Potanin said he was also unhappy if Mr Pasqual had kept any management relationship with Servina. "If Mr Pasqual is keeping some ties with Servina still, maybe he has shares or whatever, that is normal," he said. "But if he participates in management, it is against the rules of any bank in Switzerland, and this is wrong."

One other coincidence apparently links Servina and Oneximbank. When Servina was established in 1991, the lawyer acting for the firm's founders was Cyril Troyanov. Servina's initial legal address was at Mr Troyanov's law firm, Secretan Troyanov, where Cyril Troyanov is a partner.

Two other partners of that law firm, Tikhon Troyanov, Cyril's father, and Didier de Montmollin, are members of the board of directors of Banque Unexim (Suisse).

Tikhon Troyanov said in a telepbone interview thst both Mr Pasqual and Ms Pellaton, the manager of Servina, are former Secretan Troyanov employees.

"This company [Servina] was formed in the early 1990s by our lawyers and it was domiciled here until 1994," Tikhon Troyanov said. "But, we have no connection with Servina now."

In Moscow, Mr Potanin makes no secret of his close personal friendship with the former minister. "We are friends," he said. "We are meeting very often with our families, which does not affect the work." However, he admitted that President Yeltsin had spoken bluntly in a meeting with six leading bankers in the Kremlin last week. "He said that ths government should not ... create conditions in which one bank or several banks are in a favourable position vis-a-vis others.

"He told us that it is not the question that the situation is like this, but because of ths fact that everybody is talking about this... [He said] that the government and the president should be, let's say, above all this. That's why he fired Kokh. In order to avoid any further, let's say, speculation on this topic."

Russia's capitalists, Page 13

McAleese stands firm over 'love and hope' pledge

By John Murray Brown in Dublin

Mary McAleese, Fianna Fail's candidate, launched ber bid for the Irisb presidency yesterday, dismissing charges that her pledge to bring "love and hope" to the job was little more than meaningless platitudes.

Flanked by Bertie Ahern, the prime minister, and his deputy, Mary Harney, leader of tbe progressive Democrats, Fianna Fail's coalition partners in government, the Belfast-born academic sounded uncannily like the outgoing Mary Robinson.

However, Ms McAleese refused to be drawn oo contentious issues such as abortion – which she has often spoken out against. Instead sbe argued that the presidency was above politics.

The first week of the campaign has been overshadowed by bswildering allegations of "Stalinism" targeted at Adi Roche, the Labour candidate, over the way she ran her charity for children affected by the Chernobyl nuclear disaster.

Voting is on October 30 and polls suggest Ms McAleese is favourite to be Ireland's eightb president, with Ms Roche close behind. But Labour party strategists are confident the smears will bolster Ms Rocbe by revealing a toughness voters were probably unaware. If any of tbe charges against Ms Roche stick, Mary Banotti, the Fine Gael candidate, may prove the beneficiary. Her main contribution to date has been a pledge not to litter the countryside with campaign posters. Yesterday she spent tbe dsy visiting the home of her great-uncle, the legendary Irish nationalist Michael Collins.

Ms Banotti and Ms Roche launcb their campaigns next week. Dana, the singer who is linked with the pro-life movement, spent the week in the US, the source of her financial and aome would contend moral support. Like Dana, who lives in Alabama and has spent just 18 months in the Irish Republic in her entire life, Ms McAleese does not even have a vote, as a Northerner. Ironically, her Northern credentials may count against her, particularly in the rural south of the country, where partition is more accepted than in border counties which are closer to the violence.

US eyes must open, Page 12

Spanish budget to raise public spending

Package expected to include government expenditure increase of 3.4 per cent, twice the 1997 rate

By David White in Madrid

Spain's centre-right government is set today to approve a draft 1998 budget which will take advantage of strong economic growth to raise public expenditure in real terms.

An unexpectedly sharp lift in government tax revenues bas improved prospects for curbing the overall public deficit. The government believes this deficit may now fall within ths target level of 3 per cent of gross domestic product this year – in line with tbe conditions for European monetary union – and is aiming for a level slightly below its previous objective of 2.5 per cent for 1998. The deficit has fallen from 6.6 per cent of GDP in 1995 and 4.4 per cent in 1996.

The new budget, due for presentation to parliament on Monday, is expected to set a government spending increase of 3.4 per cent, twice the rate in 1997, wben its austerity drive included a highly unpopular freeze in public sector pay.

At the same time, the budget will bring increases in some taxes, for instance lifting the levy set last year on non-life insurance premiums from 4 per cent to 6 per cent and raising fees on a range of guvernment services. However, José Maria Aznar, prime minister, has said the government does not intend to increase fiscal pressure.

A leading business association, the Circulo de Empresarios, has warned that the government is missing an opportunity to reform the tax system and cut income tax rates in line with pre-election promises. It also said that government spending increases should be kept below the rate of inflation.

Official targets depend on a further trimming of deficits in the social security system, the self-governing regions and local councils. Henrik Lumboldt, chief economist at the Bank of America in Madrid, said the 2.4 per cent deficit target was likely to prove over-optimistic, forecasting a level of 2.8 per cent.

The government's more expansionary spending plans may be a sign that it has its eye on the next general election, which could be called before its four-year term expires in early 2000. An early regional election in Catalonia, possibly next spring, might lead the mainatream Catalan nationalist party, Convergència i Unió, to distance itself from the minority Popular party governmant in Madrid, for which it currently provides vital parliamentary support.

The government has already lost the automatic backing of the Basqne Nationalist party (PNV), which has also been part of the government's informal parliamentary coalition. The PNV has said it will not support the budget, after failing to secure control of funds for official training programmes in the Basque region.

The government opposes devolution in this field and in the wider area of social security. Like the previous Socialist administration it wants to preserve a unified national system, a principle fervently backed by the main trade unions.

The PNV has declared itself "outside the government bloc", although it has made clear it would not join opposition groups in trying to overthrow the budget. Its five seats are not necessary for the government to muster a majority.

NEWS DIGEST

Court vetoes EU steel aid

The European Court yesterday ruled that the European Commission had behaved illegally in allowing LFr92m ($2.5m) of state aid to be paid to Arbed, the Luxembourg steel producer, in 1993.

The ruling represented a victory for the UK Steel Association which argued that the Commission – responsible for vetting state aid payments in the EU – had bent subsidy rules.

Arbed and the Commission could yet appeal against the decision. But if they choose not to, Arbed will be forced to pay back the aid it received.

Under the steel aid code, agreed by member states in 1991, governments are entitled to pay subsidies to steel companies to help them upgrade existing plants to bring them into line with environmental standards.

However, the aid proposed by the Luxembourg government was destined for environmental equipment linked to the construction of a new steelmaking plant, rather than the upgrading of old installations. The Commission nonetheless approved the aid.

The ruling is likely in prevent future similar payments to steel producers carrying out extensive investment programmes. *Emma Tucker, Brussels*

■ GERMAN POLITICS

Tax talks on brink

Efforts to strike a cross-party agreement on reforming Germany's complex tax system looked set to collapse last night as government and opposition politicians met for what was widely seen as a last attempt at thrashing out a deal.

Ahead of the meeting, Theo Waigel, the finance minister, said he expected the negotiations over a reform package to fail – and put the blame on the opposition Social Democratic Party. The SPD has been able to block changes because of its control of ths Bundesrat, or second chamber of Parliament.

The government of Chancellor Helmut Kohl had hoped originally in push through reforms yielding net cuts worth DM30bn ($16.9bn) a year from 1999. But even a burriedly-prepared compromise offer by Wolfgang Schäuble, parliamentary leader of Mr Kohl's Christian Democratic/Christian Social Union, of a "mini-reform" appeared unlikely to make headway. The Bavaria-based CSU objected to Mr Schäuble's plans for partly financing tax cuts through increased petrol taxes.

The SPD has consistently argued the government's plans were socially unfair and endangered the stability of public finances. *Ralph Atkins, Bonn*

■ POLISH ELECTION

Rightwing victory confirmed

The right wing Solidarity Electoral Alliance (AWS) will have 201 deputies in the 460-seat Polish parliament, according to final election results published yesterday. The AWS won 33.8 per cent of the vote, putting the trade union-led coalition of 36 rightwing parties ahead of the reformed communist Democratic Left Alliance (SLD), which won 164 seats on a 27.1 per cent share of the ballot.

The pro-business Freedom Union (UW), led by Leszek Balcerowicz, won 60 seats on a 13.4 per cent share of the ballot.

The AWS has started coalition talks with the UW as well as the Polish Peasant Party (PSL), which saw its support in the countryside collapse, winning a mere 7.3 per cent of the vote and 27 seats in Sunday's election. The rightwing Movement for the Reconstruction of Poland (ROP), which won six seats and a 5.6 per cent share of the vote, is also talking to the AWS about a coalition.

The election saw a 48 per cent turnout compared to the 52 per cent who voted in ths last parliamentary elections in 1993. *Christopher Bobinski, Warsaw*

■ RUSSIAN PRIVATISATION

Oil sale details announced

The State Property Committee, Russia's privatisation agency, yesterday announced details of its privatisation plan for Rosneft, the last hig oil company left to be sold off in the country's massive privatisation drive.

Maxim Boyko, the head of the privatisation agency, said 96 per cent of the company would be sold off to outsiders. Some 63 per cent will be sold in special cash auctions. A further 33 per cent will be sold in a commercial tender.

Rosneft is likely to be an important test of the government's new commitment to make the privatisation process open and transparent and of its promise to allow foreigners to participate freely and independently. Large western oil companies have expressed an interest in acquiring stakes in Rosneft.

"Ws will make every effort to ensure that the sale of shares in the company occurs on a maximally competitive basis and is open and effective," Mr Boyko said in a written statement. *Chrystia Freeland, Moscow*

■ FINNISH POLITICS

PM wins backing for Emu

Paavo Lipponen, Finnish prime minister, has won the support of his Social Democratic Party for making Finland a founder member of the European economic and monetary union.

The party – the largest in the government coalition – endorsed a call by Mr Lipponen for Finland to introduce the euro at the beginning of 1999 after he warned that any delay in Emu could lead to a collapse of the project.

Speaking at the SDP congress in Helsinki, Mr Lipponen added that failure to embrace Emu "would lead to a situation where those using the German mark would form s tighter group and (EU) enlargement would be limited in countries important for Germany".

Given that prospect, he predicted that countries which have not yet committed themselves, notably the UK, would join sooner rather than later. *Tim Burt, Stockholm*

■ CZECH ECONOMY

Klaus balances budget

The Czech government unanimously approved a 1998 balanced state budget draft with revenue and expenditure both totalling Kč536.5bn ($16bn), Vaclav Klaus, the prime minister, said yesterday.

Mr Klaus said the budget draft would represent a decline in the budget's share of GDP to 29.2 per cent in 1998 from an expected 30.9 per cent this year.

To cover the budget shortfall the cabinet had agreed to raise an additional Kč1.2bn by increasing the tax on cigarettes, Mr Klaus added.

The financial community has pressed the government to deliver a balanced budget and reduce soaring demand which has helped to produce yawning current account and trade deficits.

The agreement follows a raucous debate within the coalition which several times appeared as though it might break the government apart.

However, the budget faces a rough rida in parliament where the government relies on a defector from the Social Democrats for its majority and several coalition deputies have warned they will not back any tax rises.

The Czech Republic has had four consecutive balanced budgets since its creation in 1993, but expects the first deficit of Kč13.7bn this year due to a fall in revenue caused by the economic slowdown and disastrous floods in July. *Reuters, Prague*

EU tightens rules on 'genetic' food

By Michael Smith in Brussels

Food prodnced from genetically modified soyabeans or maize will have to carry special labels under regulations adopted yesterday by the European Commission.

The decision, to be implemented on November 1, is a victory for consumer groups but could cause friction with trading partners and European Union importers.

More than half of processed foods contain soyabeans or derivatives. Many importers mix genetically modified soya with ordinary soya.

Under yesterday's regulations, food wrappers will have to state when the contents include genetically modified soya or maize.

If there is uncertainty about whether the contents are modified the label will have to say so, the Commission said.

The decision, made in agreement with all 15 EU member states, puts soyabeans and maize into line with other "novel foods" which have been subject to similar requirements since May 1.

The novel food regulation, which took effect on May 15, requires that the final consumer be informed of the presence of any food properties that render a food or food ingredient "no longer equivalent" to an existing product.

It is intended to cover a range of biotechnological and other scientific processes.

Genetically modified soyabeans and maize had escaped the novel food regulations because they were approved for use before the directive came into force.

That approval has caused widespread controversy. Luxembourg and Austria are resisting attampts by the Commission to force them into lifting import bans on genetically modified maize. Both countries have said they are prepared to take the issue to court.

The controversy is likely to be beightened over the next few months as the EU attempts to clarify exactly what the food labels covered by the novel foods and modified soyabeans and maize should say and whether they should carry symbols.

Some member states are likely to argue that the form of wording should be left to them, while others will say that the existence of the European single market requires common wording.

The debate is being closely monitored by the US, which exports 25 per cent of its soyabean crop to the EU and would resist fiercely any attempts to require segregation of gene and modified crops.

Tha US believes that segregation costs would be large and that there is no danger posed to health by the genetically modified products.

Genetically modified maize bas been developed by Novartis, the Swiss life sciences company, to resist the corn borer pest. Genetically modified soyabeans bave been devaloped by Monsanto, the US chemicals company.

The EU licensed both products for sale after they were declared *safe* by scientific advisers, wbo also bscked yesterday's decision unanimously.

Tiger Woods is cheered by his US team-mates Jeff Maggert, Phil Mickelson and Mark O'Meara as he is introduced to the crowd at yesterday's opening ceremony Reuters

RYDER CUP IS A TEST OF NERVE

The 32nd Ryder Cup contest gets nnder way at Sotogrande in Spain today after its formal opening by King Juan Carlos. The Americans are again the favourites, bot tbey were last time when Europe won by a single point, Darek Lawrenson writes.

The past five Ryder Cups bave all been decided by a margin of two points or less and it will be surprising if once more it does not come down to wbo possesses the most nerve over putts on the closing boles oo Snnday.

This Ryder Cup begins with a series of fourballs (wben each of the four players hits his own round), followed by foursomes (wben the two players on eacb team take turns to play the seme ball) this afternoon, rather than the other way round.

In theory the switch sbould favonr the Europeens, wbo nsnally do rsther better wben everyone is playing tbeir own ball than at the alternate shot format. A good start would settle everyone, and particularly a side that contains an onusually a high number of debutants (five).

The temptatioo is to look to the star names, sucb as Tiger Woods and Nick Fsldo, and to ponder whether they will live np to tbeir billing. However, in Ryder Cups it is often the hitherto unsung who steal the beadlines.

Serb Radical leader proposes grand coalition

By Guy Dinmore in Belgrade

Vojislav Seselj, Serbia's Radical leader, whose ultranationalist party made surprise gains in this week's elections, yesterday proposed forming a grand coalition with the ruling Socialists and the pro-monarcby Serbian Renewal Movement.

Mr Seselj's party more than doubled its number of seats in parliament, robbing the Socialist coalition led by Slobodan Milosevic, Yugoslav president, of its majority and pushing Serbia deeper into political crisis.

According to final official results, the three-party Socialist coalition took 110 seats in the 250-seat republican assembly, while the Radicals won 82, and the monarchists led by Vuk Draskovic 45. Five smaller parties took the remaining 13 seats.

"We insist on a government of all four leading parties," Mr Seselj told a news conference, listing tbe Socialists and tbeir main coalition partner, the Yugoslav United Left run by Mr Milosevic's wife, plus tbe Serbian Renewal Movement and the Radicals.

The Socialists have already proposed a government of national unity bnt are unlikely to be happy witb Mr Seselj's proposal that be name the prime minister and that each party sbould be allotted government posts according to its strength in parliament.

Mr Seselj dismissed suggestions he might enter an anti-Socialist alliance with Mr Draskovic, although they would have a narrow majority. Such a coalition would not be stable enough, Mr Seselj said.

A paramilitary leader during the wars in Bosnia and Croatia, Mr Seselj is blunt about bis desire to form a Greater Serbia tbat would encompass all of the Yugoslav republic of Montenegro and sizeable chunks of Bosnia and Croatia. But, presenting himself as a statesman striving for tbe interests of Serbia's stability, be said such goals would be postponed until the Radicals achieved power at the federal Yugoslav level.

Yilmaz plays a poor hand with skill

Turkey's new PM has made a good start, writes **John Barham**

Turks expect little of their leaders. Yet Mesut Yilmaz, a level-headed conservative better known for his plodding style than a dazzling personality, seems to ba gradually rebuilding a degree of trust in politicians after years of weak, incompetent governments.

Mr Yilmaz, who took office three months ago after the secularist generals forced Turkey's first Islamist-led government from power, has played a poor hand skilfully. Like every government since 1991, his is an ideologically divided coalition split by personality clashes. But Mr Yilmaz has won credit for his attempts to repair the cracking edifice of the secular state and personal integrity.

Admittedly, his first secularist reform – reorganisation of the education system – was demanded by the powerful military, to whom he owes his job. Still, Mr Yilmaz overcame Islamist opposition to changes designed to halt the growing influence of political Islam in the classrooms and launched a programme to revamp Turkey's overcrowded and underfunded schools. The reforms hava become popular with the secularist majority angry with substandard state education but unable to afford exclusive private schools.

However, commentators wonder if Mr Yilmaz has the stamina or vision to halt inflation of 85 per cent, reform a runaway public sector, root out corruption, create jobs, end the fighting in tha Kurdish southeast, improve Turkey's buman rights record or make peace with Greece.

Mr Yilmaz has served as prime minister twice before, in 1991 and 1996, but never for more than four months each time.

Hasan Cemal, political columnist at Sabah, Turkey's best-selling newspaper, says: "Education reform is the only thing [Yilmaz has achieved]. When you look at democratisation, there is hardly anything. In economic policy you do not see much, just a lot of statements. Nothing concrete has been done against inflation, the bndget deficit or tax reform."

Ministers promised to revive the stalled privatisation programme, halve inflation of 85 per cent and overhaul the unfair tax system. Howevar, few observers think the govarnment, which lacks a parliamentary majority, can impose brutal reforms. Officials who suggested emergency measures to cut inflation had to back-track. Mr Yilmaz said: "There is not going to be any belt-tightening that will upset the people."

Still, a European ambassador commented that Mr Yilmaz "at least knows there is financial disorder, that human rights are in a miserable situation and that there is a need to move ahead with reform." Previous governments attempted to bolster public support with nationalist rhetoric, often blaming the European Union, perceived as hostile to Turkey, for domestic problems.

Selim Oktar, a leading pollster, claims economic reform is not an issue for most people. "People find ways to make a living," he says, "but they do not feel secure abont their future. The way to [remedy this] is through reform of the social security system, the schools, the health system."

These reforms are backed by World Bank loans and are welcomed by public opinion and the media, yet they still fail to materialise. A package to boost Turkey's health indicators, among the worst in the world, is stuck in parliament, as much victim of official neglect as petty party politics. Mr Oktar says health reform does not even feature in the coalition's legislative programme. Ministers do not explain to a suspicious public the benefits of social security reform, which would require more contributions from workers.

Some commentators believe the Islamists could stage a comeback if reform falters. The Welfare party of Necmettin Erbakan, the former Islamist prime minister, which faces closure for conspiring against the secular state – could emerge under a new name and grow stronger as despair deepens among the urban underclass.

Mr Cemal says the government "is sending out mixed signals, unsure whether to act decisively". He says Mr Yilmaz and his coalition allies cannot decide how long to stay in government. Ministers had promised to hold elections next spring, two years early. However, aides say Mr Yilmaz is thinking of staying longer.

His basic objective is to destroy Tansn Çiller, the former prime minister and leader of the rival conservative True Path party. The two have battled for five years for control of the centre right. Now Mrs Çiller is weighed down by a reputation for corruption and is discredited after joining Mr Erbakan's 11-month coalition. Mr Yilmaz seems torn between trying to crush Trua Path in early elections or waiting to prodnce concrete reforms his Motherland party can present to voters.

The struggla between True Path and Motherland fractured the conservative middle ground, preventing stable government for nearly a decade. If Mr Yilmaz succeeds in building on his promising start, he could emerge as the statesman to reconstruct Turkey's dysfunctional society. If not, he may go down in history as the man who held open the door for the Islamists.

NEWS: ASIA-PACIFIC

Thais to pay power producers for fall in baht

By Ted Bardacke in Bangkok

Thailand's state-owned electricity company will absorb most of tha increased costs incurred by private power generators as a result of the depreciation of the Thai baht, putting Asia's largest private electricity generation scheme back on track in spite of the country's economic tronbies.

The Electricity Generating Authority of Thailand (Egat) and at least six private consortia which have pledged to build power stations worth approximately $6bn and sell 5,472MW of power by 2003 have agreed to a basic formula for meeting the additional costs. Egat will absorb any increased hard currency costs over a level Bt27 to the US dollar. The baht yesterday closed at Bt35.75.

The independent power producer (IPP) scheme was threatened by the baht's sudden fall as the IPPs had agreed to sell power to Egat at prices denominated in baht but most of their costs and financing are in foreign currency. Consortia, including such international electricity heavyweights as Westingbouse, Becbtel, Marubeni and PowerGen, suddenly found their projects were no longer either profitable or bankable.

Two months of negotiations, in which the flexibility of Egat was widely praised and attributed to the authority'e desperate need for increased power capacity over the naxt five years, have resulted in a formula in which Egat has calculated the increased dollar costs over Bt27 of building and financing a new plant, and has agreed to raise the purchase price of electricity accordingly.

Consortia will bava to absorb the added cost in dollars of the difference between Bt25, the averaga value of the baht before it was devalued, and Bt27.

"I think this arrangement is very fair. There is now a basis to continue tha projects," said a financial adviser to one of the consortia. "IPPs now have a strong case to present to their bankers because now it basically comes down to an assessment of Egat's credit risk not currency risk."

Although it will suffer dearly from tha baht's depreciation, Egat has been Thailand's most profitable state enterprise, with profit margins near 40 per cent.

The basic formula means that the compensation for each consortium varies depending on whether the proposed plant is powered by coal or natural gas – coal plants are more expensive but also have more local content – and their distance from Egat's national grid, which adds capital costs for transmission lines.

An Egat official said the formula must still be approved by the authority's board.

Daewoo chief in secret trip to N Korea to rescue plant

By John Burton in Seoul

Kim Woo-joong, chairman of South Korea's Daewoo group, has made a secret trip to North Korea to rescue a joint venture project, company and government officials said yesterday.

The National Unification Ministry in Seoul said it had given verbal approval for last week's visit after Daewoo said its main joint venture project in North Korea was close to collapse because of management problems.

Daewoo has a 50 per cent stake In a $15m garments and bag factory at the port city of Nampo, near Pyongyang. The plant is of symbolic importance since it is one of only two Sonth Korean joint ventures operating in North Korea and represents a pioneering effort to improve economic ties between the two rivals.

Daewoo was forced to withdraw managers from the factory last year under orders from Seoul as tensions between the two countries rose after a North Korean submarine intruded into South Korean waters. The managers recently returned to the North to find the factory operating at 40 per cent capacity.

The Daewoo chairman held talks with the heads of two North Korean foreign investment agencies, the External Economic Commission and the Committee for tha Promotion of External Economic Co-operation.

South Korea has allowed 20 domestic companies to invest in North Korea, bnt progress to establish an industrial presence in the North has been slow because of continuing political tensions.

The Daewoo visit occurred shortly before talks on arranging peace negotiations to bring a formal end to the 1950-53 Korean war broke down in New York.

The US and South Korea said that North Korea had made "unacceptable" demands to link food aid for its starving population to the opening of the peace talks. They also rejected a North Koreen demand that the withdrawal of 37,000 US troops from South Korea should be included on the agenda for the peace talks.

Washington and Seoul this week said that "the ball is in North Korea's court" regarding future talks, with both nations suggesting that they will not press for the resumption of the talks until North Korea eases its demands.

Indonesia given promises of help to fight fires

US and Britain warn travellers to avoid smog-hit areas as big companies try to shift blame

Neighbouring countries and the World Bank yeaterday offered to help Indonesia fight a wave of forest fires that have wrapped parts of south-east Asia In a debilitating smog and highlighted the risk of rapid economic development.

The World Bank offered emergency funds, Japan is offering water cannons and Canada is sending two forestry experts to help Indonesia battle against peat and forest fires that have been raging for three months across the Indonesian archipelago.

More than 1,000 firefighters sent by Malaysia yesterday landed in Sumatra to assist 8,437 Indonesian colleagues battling flames on the islands of Sumatra and Kalimantan.

The World Wide Fund for nature's representative In indonesia, Agus Purnomo, said satellite imagery indicated that areas burned or on fire totalled 500,000 to 600,000 hectares, although official estimates range from 40,000 ha to 80,000 ha. The National Space and Aviation Agency said the fires were still spreading southward.

It is the fifth big wave of forest fires to hit Indonesia in 15 years, but the first to cover an area larger than Western Europe In a thick, milky white haze. Parts of Brunei, Thailand and the Philippines have been affected, and two deaths have been attributed directly to the smog. More than 32,000 people in Sumatra and Kalimantan and 5,000 in the Malay province of Sarawak, where visibility dropped below one metre, have reported severe respiratory problems.

The US and Britain yesterday cautioned travellers to avoid affected areas. Expatriate companies in Kuala Lumpur have started sending their families home.

Villagers look for water in a burned out national park in Irian Jaya, eastern Indonesia AP

Plantation employees and environmentalists who visited the affected ares have said much of the smoke comes from smouldering peat and surface coal deposits, which are extremely difficult to douse. "Yon need a huge belt of rain to stop it," one plantation employee said.

Monsoons ended earlier fires but officials blame the El Niño weather pattern for bringing the worst drought In decades and destroying crops across the archipelago. Officials said on Wednesday 271 people had died in Irian Jaya from famine and diseases Including cholera caused by lack of clean water.

As the fires spread, so did criticism of the government'a failure to stop them. "Local officials are doing nothing at all," said Abdurrahman Wahid, leader of Indonesia's largest Moslem organisation. "The government and the army should start doing something quickly."

The government has allocated Rp3.1bn ($1.07m) to fight the fires, including Rp2.6bn from a reafforestation fund that receives levies on timber companies. President Suharto in January approved the transfer of Rp250bn from this fund to a pulp company controlled by a close associate and friend, Mohamad "Bob" Hasan. Mr Hasan's Kalimanis timber company denied lighting any fires.

Earlier this month the government threatened to pull the licences of 176 companies, mostly oil palm plantations, which it said had set fire for land clearing in spite of a recent warning by Mr Suharto. The list inclndes plantations and timber companies owned by big conglomerates, some associated with or owned by President Suharto's children and friends. Most have denied setting any fires and blamed farmers for using slash-and-burn to clear land.

Mr Hasan, was quoted in the local press as blaming small farmers and plantation operators rather than the big timber companies.

But Emmy Hafild, executive director of Walhi, a prominent environmental group, said those responsible "are not the small farmers. Those who are involved are the big companies, the richest people of Indonesia."

Palm oil plantations have expanded rapidly In recent years. Chris Mol, president director of Rabobank Duta Indonesia, a Dutch joint venture which finances plantations, said that many Malaysian plantations had moved to Indonesia where land and labour are cheaper.

"A lot of the plantations do burn their land," said Jim Bell, finance director of London Sumatra Indonesia, one of Indonesia's largest palm oil plantation managers. "We have a no-burn policy."

Sander Thoenes

Office rent levels fall in Asian cities

By Norma Cohen, Property Correspondent

Office market rents are falling In most leading Asian cities, even when measured in local currency terms, according to a survey from chartered surveyors Knight Frank.

Rents have risen rapidly in Singapore, Malaysia and Hong Kong in recent years – along with a boom in property development and property lending – and this rate of increase is now forecast to slow, Knight Frank said. The dip reflects the increased supply of space and, In the case of Hong Kong, the tail-end of political uncertainty during the handover period to Chinese sovereignty.

The average annual office rent for prime space in Hong Kong fell to HK$7,896 ($1,020) a square metre by September 1997 from HK$9,700 just six months earlier, a drop of around 20 per cent.

The slowdown in rental income is already showing its effects on corporate earnings. Hong Kong Land, property arm of the Jardine group and one of the territory'a biggest landlords, last week reported a 9 per cent decline in its profits for the first half of the year and forecast no growth in net income from properties for the full year.

In Tokyo, rents have fallen to Y62,251 ($510) In September 1997 from Y68,360 in March, a decline of just under 10 per cent. Singapore rents also show a decline to S$1,200 ($790) from S$1,290 while in Kuala Lumpur rents have fallen to M$716 ($237) from M$736 during the six-month period. Beijing and Shanghai also show declines in prime rents, falling to US$720 from US$852 and to US$513 from US$668 respectively.

Taipei, however, shows rents firming while in both Bangkok and Seoul rents are stabilising in local currency terms.

In Europe, rents have risen in Amsterdam, Stockholm, Paris, Lyons, Madrid, Lisbon, Munich and Hamburg. But demand is concentrated on modern, high-quality premises, Knight Frank concluded.

The New Zealand prime office market is showing strong rental growth, stemming from a lack of new space at a time of economic growth. In Wellington, average rents for prime office space have risen to NZ$220 (US$140) per square metre from NZ$181 ovr the past six months. Australia offers a mixed picture, with rents slipping by nearly a third In Sydney, stabilising in Perth and Adelaide and rising slightly in Melbourne.

Global Office Report, September 1997, Knight Frank, 20 Hanover Square, London W1R OAH 44-171-629-8171

Fourth broker in gangster payments scandal

Nikko's offices raided

By Gillian Tett in Tokyo

Nikko yesterday became the last of the four leading Japanese brokers to be sucked into an extortion scandal after its headquarters were raided yesterday.

The raid came after prosecutors accused the company of illegally making payments to Ryuichi Koike, e well known *sokaiya* gangster chief.

The *sokaiya* have operated by demanding money from Japanese companies in exchange for not revealing sensitive information about them.

The other three top Japanese brokers, Nomura, Daiwa and Yamaichi, and Dai-Ichi Kangyo, one of Japan's largest banks, have already faced accusations of making similar payments in recent years.

Nomura and DKB have already been suspended from parts of the domestic market for several months over the scandal, and Yamaichi faces formal criminal charges over the affair.

Earlier this week the former president of Yamaichi, Atsuo Miki, was arrested over the case. Seven senior executives at Daiwa have also announced that they would resign this week.

The raid on Nikko has fuelled expectations that the company, Japan's third largest broker, will now also have to reshuffle its management.

And with the Japanese government keen to demonstrate that it is cracking down on *sokaiya* payments before its planned Big Bang financial deregulation, observers expect all four brokers are likely to face some administrative penalties in the coming months.

Prosecutors allege that Nikko funnelled Y14m ($114,700) to Mr Koike, and Daiwa some Y[illegible]m to him.

Hanoi's new leaders face test

By thrusting an obscure, Russian-speaking technocrat to one of the most powerful positions in the land, Vietnam's communist leadership this week again showed its knack for last-minute surprises.

Pundita were thrown by the appointmeot of a 60-year-old political unknown, Tran Duc Luong, to the post of president despite expectations that either the foreign or defence ministers would win a tussle for the job.

At a landmark party congress last year, the three ageing revolutionaries at the apex of power confounded analysts by electing to stay In power.

Since then, the shine has come off country'a decade-old market reforms as the question of who would succeed them has strangled the bureaucracy and soured foreign investor sentiment.

The qnestion now is: Does the latest move – and yesterday's confirmation of a relatively yonthful Phan Van Khai as prime minister – spell the revival of the fortunes of one of the world's last communist countries?

By promoting Mr Luong and the 63-year-old Mr Khai, Hanoi has made good on its promise to draft in younger blood.

President Le Duc Anh and the prime minister, Vo Van Kiet, signalled change when they said recently they would step down. Both are in their mid-70s.

Luong: political unknown

Mr Luong used his acceptance speech to reiterate the need for far-reaching reforms but said "we must strengthen the leadership of the party *vis-à-vis* the state".

Economists are cheered by the fact that both men see the need for Vietnam to speed up its integration into south-east Asia and improve dialogue with the World Bank and International Monetary Fund.

Mr Khai has won praise for his handling of both institutions in recent months, appearing to cultivate a pro-business image by sporting crisp, double-breasted suits.

"You've got something marginally better here in that you've got people who've been involved in the economy for a number of years. The read is positive on the business side," said Tony Foster of Freshfields lawyers.

Recent comments by Mr Khai suggest that there could be moves to promote a better climate for foreign investors and kick-start key infrastructure schemes.

But the prospects are less clear on the thorniest issues: stripping away loss-making state-owned enterprises, revamping the crippled financial system and attracting domestic savings Into the banks.

The IMF and World Bank say they want Hanoi to make an unequivocal political commitment to such issues before releasing fresh concessional funding.

But they require painful sacrifices from a communist party still hobbled by powerful vested interests – figures who are crucial players in the succession issue.

One reason to doubt Mr Luong'a ability to push for change is that he was a compromise candidate, diplomats say.

That indicates the leadership question is still unresolved. "While that process is going on you can't expect big changes," one said.

Nor will Mr Luong and Mr Khai be free to manoeuvre as older figures remain In the 18-member politburo, including Mr Kiet and 80-year-old party general secretary, Do Muoi.

Mr Luong is also an odd choice for the presidency, putting a civilian at the head of the armed forces and internal security – matters that have been in military hands since the presidency was redesigned in 1992.

Indeed, the wild card here is the party-military faction in the politburo. It hopes eventually to capture the top job of general secretary. This would cap a recent campaign to increase its political muscle and boost its business interests.

Some say it could produce some surprises of its own. But according to Le Dang Doanh, a reform-minded government economist: "The military is well represented in the politburo. There's no reason for them to believe they'll lose any influence."

Jeremy Grant

Vietnam has launched a bizarre attack on foreign tourists, accusing them of "treachery, smuggling, drug trafficking, sex abuse and even assassination", writes Jeremy Grant in London. The Vietnam News Agency ran a scathing commentary saying that opening up to tourists in the 1990s had brought with it a litany of evils such as espionage and sex crimes. "Hostile elements" posing as tourists were trespassing in restricted areas to obtain sensitive information on national security.

EU accepts ruling on banana regime

By Frances Williams in Geneva

The European Union yesterday said it would accept the verdict of the World Trade Organisation against its banana import regime, despite misgivings on tha impact the ruling may have for banana-dependent Caribbean economies.

Addressing the WTO's dispute settlement body, which formally adopted the panel and appeals body decisions on the banana case, Roderick Abbott, the EU'a WTO ambassador, said the EU would make a statement on how it intends to implement the decisions at the next meeting on October 16.

The WTO panel, in findings later endorsed by the appellate body, said the EU'a complex licensing system for banana imports unfairly discriminated against US and Latin American banana producers and marketing companies.

However, it upheld the EU'a right to grant preferential tariff treatment to mora costly bananas from African, Caribbean and Pacific (ACP) countries, for which the EU has a WTO waiver. The US, which brought the case with Ecuador, Guatemala, Honduras and Mexico, has said it wants the WTO ruling implemented and is not prepared to accept compensation instead. Caribbean banana exporters say their economies could be devastated if the present aystem is dismantled.

EU member states are split over how to respond, with Germany leading a nine-strong contingent ready to change the rules, but a blocking minority of six against, including France, Spain and Britain. Under WTO rules, implementation of dispnte verdicts should normally be complete within 15 months of adoption.

Both the EU and ACP nations yesterday expressed disquiet about certain aspects of the banana verdicts, which are seen as having very broad implications. In particular, they said the rulings:

● appear to reinterpret sovereign treaty commitments under the Lomé Convention, which gives ACP nations trade preferences in the EU market;

● reopen import access commitments on agriculture made during the Uruguay Round of global trade talks and subsequently ratified by WTO members;

● give wide scope for import regimes regulating goods to be challenged under the WTO's accord on services trade.

Another controversial WTO ruling against the EU's ban on hormone-treated beef was taken off the dispute settlement body's agenda after Brussels filed its previously announced appeal late on Wednesday.

In other disputes discussed yesterday, South Korea refused first requests by the US and EU for a panel to rule on their complaints that Korean liquor taxes discriminate against imports. India and Argentina also opposed first panel requests by the EU on patent protection and textiles respectively. Under WTO rules panels must be set up on the second request.

KDD to fight FCC action

By Michiyo Nakamoto in Tokyo

KDD, the Japaneae telecommunications company, will today file a petition in Washington in an attempt to block a Federal Communications Commission ruling which KDD claims is beyond the US agency's jurisdiction.

The dispute is over settlement rates paid by carriers to have their international calls completed in another country.

Japan's largest international carrier is concerned that the FCC has unilaterally set benchmarks for settlement rates. Furthermore the FCC has said it will take action against carriers thet do not meet its new benchmark.

"There has never been an FCC rule as unpopular as this one," said Tsunekazu Matsudaira, KDD director of international affairs.

The company is particularly incensed thet the FCC has taken measures thet will determine the pricing policy of foreign carriers over which it does not hava authority.

The settlement rate has long been agreed between two carriers through bilateral negotiations. For example, KDD and AT&T would agree on a specific rate per minute which would then be divided equally between them. If there are more calls from the US to Japan, AT&T pays KDD the difference.

US carriers have been saddled with substantial payments to their foreign counterparts since more calls originate in the US than in other countries, Mr Matsudaira points out.

In addition, the growth of call-back services and calling cards, which transfer the origin of a call to the US, has increasad the number of calls originating in the US.

According to KDD's estimates, as a result of such services, about 25 to 30 per cent of calls from Japan to the US end up being calls that originate in the US.

But Mr Matsudaira insists that KDD also has an interest in bringing its own rates down, regardless of what other countries do.

"In order to survive global competition, we believe it is necessary tn bring costs down to international market levels." The market rate between the US and Japan is bound to fall when new carriers enter the market following liberalisation and KDD must keep in line, he explains.

Other carriers are expecTed to join KDD in the suit.

"We have to fight this on principle. If we allow the FCC to set a precedent, no good can come out of it," Mr Matsudaira said.

Bonn confident over Brussels stand on Lufthansa link-up

By Michael Skapinker, Aerospace Correspondent

Matthias Wissmann, Germany's transport minister, said yesterday he did not believe tha European Commission would take any significant action against the alliance between Lufthansa and United Airlines of the US.

Karel Van Miert, the European Union competition commissioner, is investigating the Lufthansa-United alliance, as well as the proposed link-up between British Airways and American Airlines. Mr Van Miert has said BA and American should give up 353 take-off and landing slots at London's Heathrow airport and haa said he would he demanding concessions from Lufthansa and United too.

However, Mr Wissmann said in an interview: "That's not what wa expect. We don't think the [Lufthansa-United] alliance is anti-competitive at all. I wouldn't exclnde limited action but you must not forget that the continantal European market is open and not closed like the UK market. In Brussels, Paris and Frankfurt there are not the bottlenecks that there are at Heathrow."

Wissmann: continental European market is not closed like the UK market

Mr Wissmann gave qualified support, however, to BA and American'a demand that they be allowed to sell any slots they had to give up. Mr Van Miert has insisted that the twn airlines should give slots to their competitors and has said that sales would be against EU law.

Mr Wissmann said: "We could open up the slots market, but carefully. The concept should not he one where the big airlines kill the medium-sized or small ones. We are taking a close look at the principle hut we should find a way that guarantees that it's not only the elephants that win."

The Bonn minister also rejected the Commission's view that it should negotiate a multilateral aviation agreement with the US and that member states should not conclude bilateral "open akies" accords with Washington.

He said the Commission would find it difficult to negotiate because member states had moved at markedly different rates to open their aviation markets. While the German government was preparing to sell its remaining stake in Lufthansa, the French government has decided not to privatise Air France.

Mr Wissmann said: "Negotiations between the EU and the US only make sense if there's added value. But with the very different interests and different progress in European countries, I can't imagine in the near future completely substituting hilateral with multilateral negotiations."

He said the EU should instead attempt to persuade Washington to lift the 25 per cent limit on foreign ownership of US airlines.

● The US would review its landmark "open skies" agreement with the Netherlands if environmental curbs halted growth at Amsterdam's Schiphol airport, Annemarie Jorritsma, Dutch transport minister, warned yesterday, writes Gordon Cramb in Amsterdam.

She told parliament she had received signals that Washington was already examining whether it should abandon the five-year-old pact unless US carriers were able to add flights as they chose. The 1992 deal, the first of a number agreed bilaterally by the US, also gave antitrust immunity to KLM's partnership with Northwest Airlines.

NEWS DIGEST

Pirates cash in on Diana

Pirated copies of *Candle In The Wind 1997*, Elton John's song in tribute to Diana, Princess of Wales, the proceeds from which will be given to charity, have been discovered in Europe, Asia and Latin America. The International Federation of the Phonographic Industry (IFPI), which represents the world's record companies, said that significant quantities of counterfeit *Candle* singles had been impounded.

The single has been pirated in various formats, with widely differing sound quality. A fairly sophisticated compact disc and video-CD version was seized in Hong Kong; and patchy cassette tapes, probably recorded from Elton John's live rendition at the princess's funeral, were found in Naples.

Piracy has long been a threat to the international music industry. However, the problem has worsened in the past year, as pirates have switched from the declining cassette format to compact discs, which are more profitable for record companies. The discovery of the pirated *Candle* singles casts a cloud over one of the music industry's most successful initiatives. The single has topped charts in 14 of the 40 countries where it has been released. It is also expected to go straight to number one in the US, where PolyGram, Elton John's record company, has shipped 8m copies. *Alice Rawsthorn, London*

■ FAST-TRACK

First Congress vote set

The House Ways and Means Committee has scheduled an October 8 vote on a measure giving President Bill Clinton fast-track authority to negotiate new trade pacts. The vote – the first to be held in either house after years of discussion – is set four days before Mr Clinton leaves on a trip to Brazil, Argentina and Venezuela. Administration officials had urged Congress to send a positive message that the measure was beginning to move through Congress before the president's departure.

Administration officials and House members are still struggling with the environment and labour provisions, which Democrats want and Republicans dislike. While cutting away at his plan, Republicans are still demanding that Mr Clinton get more Democratic support, fearing otherwise their party will suffer in next year's election.

Mr Clinton demonstrated the lengths to which he would go to seek support earlier this week when he urged the trade unions not to turn against Democrats who back fast-track. *Nancy Dunne, Washington*

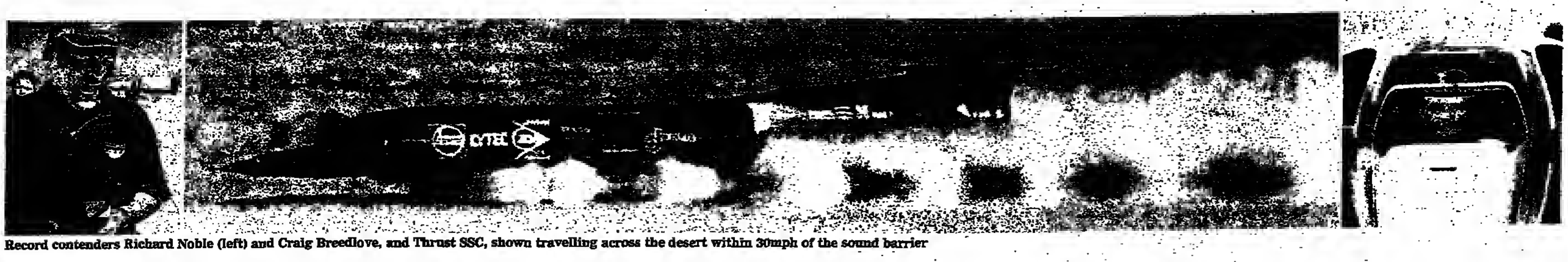
■ ARIANE ROCKET

Launch is delayed again

The second mission of Ariane 5, Europe's new rocket, has been delayed a further two weeks, the European Space Agency said yesterday. The launch will now take place at the earliest on October 15. The agency attributed the new delay in part to extra time needed for "final qualification" of the flight programme software.

It was a software problem that led to the failure of the first Ariane 5 rocket in June 1996. With competition intensifying from the US, China and others, the success of the second launch is vital to safeguard Europe's hard-won leadership of the $3bn-a-year commercial satellite launching business. *David Owen, Paris*

NEWS: THE AMERICAS



Record contenders Richard Noble (left) and Craig Breedlove, and Thrust SSC, shown travelling across the desert within 30mph of the sound barrier

Noble attempt to break sound barrier in Nevada desert

Richard Noble does things at speed. He talks fast, walks fast and, of course, drives fast. In 1983 he exceeded 633mph to become the fastest man on wheels, the holder of the land speed record (LSR).

Now Noble, 51, is working with frantic haste to supplant his own name at the head of the list of the world'a fastest drivers. In Nevada's Black Rock desert, he is masterminding the project that aims to make Flight Lt Andy Green the first man to drive faster than the speed of sound.

Meanwhile, on the other side of the desert, Craig Breedlove of the US also plans an assault on the record, which he held five times in the mid-1960s. Now aged 60, he was the first to surpass 400 mph, 500 mph and 600 mph. He, however, says the speed of sound must await further testing.

On Tuesday Green came close to the sound barrier, hitting 719mph, about 30mph short – but not in the required two timed runs within an hour.

For Nobla it will be the culmination of a dream that goes back to 1952, when at the age of six he witnessed an attempt at Loch Ness on the world water speed record.

It took the best part of a decada to fulfil the first stage of the dream, but in 1983, after two years of near misses, he drove his jet-powered Thrust 2 into the record books, breaking the 13-year-old mark of 622.407mph set by Gary Gabelich of the US.

He spent the rest of 1980s mainly as a highly entertaining after-dinner speaker, until in the early 1990s sufficient interest arose in the British motor and aeronautical industries for Noble to have another go. He believed it could be done for less than £5m.

This time though, he decided that somebody else should be behind the wheel. "I want to drive this thing more than anything," he said at the launch of Thrust SSC (supersonic car) in July 1994. "But this project is a huge step beyond Thrust 2 and we can't afford to make the mistakes we mada in 1981 and 1982. Wa'd expended so much energy in building that car and getting it to the site in time to catch the good weather that the team wasn't in a fit stata to attempt record breaking. And the driver – ma – wasn't trained, wasn't ready, and wasn't even fit."

On October 14 1947, almost exactly 50 years ago, US Air Force pilot Chuck Yeager became the first man to fly faster than sound: Yeager had what writer Tom Wolfe would later memorably describe as "The Right Stuff". Now, with the same thing in sight on land, it'a hard to think of a more fitting description for Richard Noble.

Shaun Campbell

Intel probe could hit consumers

By Louise Kehoe in San Francisco end Bruce Clark in Washington

Consumers may end up the losers from a broad anti-trust investigation of Intel, the world's largest chipmaker, launched this week hy the US Federal Trade Commission.

The regulators will examine all aspects of Intel'a businesses and activities, including the company's aggressive pricing of microprocessors and other chips used to build personal computers.

Intel's pricing tactics – which involve lowering prices each quarter – ensure that PCs with ever-increasing performance are availabla at steadily declining prices. However, critics say the company uses pricing to counter competition from smaller manufacturers.

Intel dominates the PC microprocessor market, with an estimated 85 per cent share of the business.

All of these markets, and more, come within the scope of the FTC investigation. The FTC is understood to have demanded information relating to Intel's microprocessors, pricing, marketing and research activities as well as its contracts with market research companies, its role in establishing industry standards, and ths extent to which it has influenced the "cost of entry" into the PC chips market.

The FTC's "civil investigative demand" says: "The scope of the investigatioo is to determine whether the Intel Corporation has engaged in or is engaging in unfair or deceptive practices in or affecting commerce by acting to monopolise or attempt to monopoliss or other wise restrict price or nonprice competition in the development of microprocessors or other computer components or intellectual property."

Intel said it would co-operate fully with the FTC and expected to be vindicated. In the meantime, however, it faces the prospect of extensive and expensiva efforts to gather information to satisfy the FTC's demands.

Intel was mystified, the chipmaker said, as to why the Federal Trade Commission should place it under anti-trust investigation – only four years after it completed a similar probe that vindicated the company, report Louise Kehoe in San Francisco and Bruce Clark in Washington.

While it is not unusual for a company that bad achieved tbe sncccss and market dominance of Intel to come under government scrutiny, Intel said it was surprised by tbe timing. "Why now? We really do not know," it said.

Theories sbout what may have triggered the FTC investigation range from public criticism of Intel by competitors to the belief that the regulator may he seeking to demonstrate that it remains an active anti-trust watchdog in the high-tech arena. The earlier FTC proba of Iutel, similar in nature, ended in 1993 with no action taken. Since then, tbe Justice Department, wbich also conducts anti-trust investigations, has taken the lead in high-tech investigations by condncting a broad probe of Microsoft, the software industry leader and a close partner of Intel. The Microsoft probe led to a settlement requiring Microsoft to make changes to its licensing agreements but otherwise left the company unscathed.

Historically, the Justice Department was also behind a long-running investigation of International Bnsiness Machines, which led to the imposition of curbs on business practices only recently lifted.

The FTC does not want the Justice Department to dominate anti-trust regulation in the high-tech sector, said Joe Sims, an anti-trust lawyer in Washington. The commission was "in favour of competition in everything, inclnding regulation", he said.

Recent pnblic statements highly critical of Intel by execntives from Digital Equipment, the struggling computer manufacturer that is embroiled in a bitter patent dispnte with Intel, may also have caught the attention of anti-trust regulators.

In May, Robert Palmer, Digital Eqnipment chief executive, said Intel had achieve a "monopoly position" in the market for microprocessors used in personal compnters and was attempting to extend that monopoly.

Intel's dominant role in the PC chip industry raises questions about whether this may be a "natural monopoly" created hy market forces. That acts to the benefit of consumers because it anahles Intel to estahlish technical standards and drive the pace of technology advances.

However, anti-trust lawyers are sceptical. "People have been trying to find natural monopolies in all the years the FTC has existed, and they still haven't found one," said Joe Sims, a Washington anti-trust lawyer.

Frederick Warren-Bolton, a Washington consultant who advised Cyrix, an Intel competitor, during a private anti-trust suit against Intel in 1993, said the FTC was likely to raise the issue of whether Intel was engaged In sophisticated versions of "predatory pricing" by offering customers new-generation chips for prices below market-clearing levels so long as they do not buy from competitors.

Phone licence sale shake-up

By Mark Suzman in Washington

The US Federal Communications Commission has agreed to restrnctnre a troubled $10.2bn sale of wireless telephona licences, which several purchasers say they can no longer afford.

The problem arose when the FCC, the chief regulator for telecommunications, offered generous financing terms for the so-called C-Block portion of the spectrum, including a 10 per cent down payment.

That encouraged hidders to pay more than in previous wireless auctions, bnt since then Wall Street has turned against the industry, leaving many companies unable to raise sufficient capital to finance network construction.

After weeks of intense internal debate, the FCC yesterday agreed to offer bidders four options: resume full payments, return half of their spectrum purchases for re-auction in exchange for debt reduction, return the entire licence bnt forfeit down payments, or use 70 per cent of their down payments to belp purchase outright as much of their licences as they can afford, with the remainder going to the FCC as a penalty.

However, while the commission unanimonsly endorsed the first three options, Reed Hundt, FCC chairman, dissented on the fourth, arguing the companies should be permitted to use their down payments for spectrum purchases.

Spies lose to industry on encryption

By Nicholas Denton in San Francisco

The bigh-technology industry has scored an important success in its struggle with law enforcement agencies over encryption software which protects electronic commerce but frustrates government wire-tapping.

The victory, which followed intense lobbying hy computer and telecommunications companies on one side and agencies such as the Federal Bureau of Investigation on the other, came in a House of Representatives committee vote on Wednesday night.

The House commerce committee approved draft legislation that would free exports of encryption software, which have been restricted on grounds of national security, and thus speed the development of secure international commerce over the internet.

The committee rejected a proposal which would have enabled monitoring of electronic communications by giving law enforcement agencies access to the private codes or "keys" with which users encrypt and decipher messages.

The vote on the law is not conclusive. More restrictive versions, which have emerged from other House committees and the Senate, have yet to be reconciled with the commerce committee's liberal stance.

However, the committee's decision – which advocates of untrammeled electronic commerce and speech had described as their "D-Day" – makes more likely a relaxation of restrictions on encryption technology.

If passed in the form in which it left the commerce committee, the law would have far-reaching consequences for electronic commerce, crime prevention, tax avoidance, and the balance of power between governments and individuals.

By allowing international adoption of strong encryption – in which the keys which scramble data are so long that even the most powerful supercomputers cannot crack the code – the bill would protect the growing commerce over the internet.

However, just as the technology can be used to protect transactions against criminals, it can be exploited by them to collaborate. In these circumstances, wire-tapping, an important tool of law enforcement, would garner nothing but garhled data.

NEWS DIGEST

Peru funds to benefit staff

A handful of mutual funds will be authorised within the next few months to handle some $1.3bn (£800m) in retained state shares in already privatised Peruvian companies, under a scheme being worked out by the government.

In what is being seen as a third, and innovative, stage in Peru's aggressive privatisation programme, the privatisation-based mutual funds are intended primarily to benefit employees and pensioners from the public sector.

The funds will be selected under criteria still being designed from a series of Peruvian mutual funds set up in the past year: several more are waiting for permission to operate. At present, all are linked to large banks – Banco Credito, Wiese, Interbank, Banco Santander and Continental (in which Banco Bilbao Vizcaya has a half share).

Sally Bowen, Lima

■ ARGENTINA

Sell-off decree overruled

For the second time in less than two months, a court on Wednesday ruled that a presidential decree to privatise 37 of Argentina's 59 airports was unconstitutional.

The decision, which freezes the controversial privatisation, strikes down a decree by President Carlos Menem in August to offer a concession on the airports. Mr Menem said there was a "need and urgency", due to "urgent failings" in airport infrastructure.

The government's chief of staff, Jorge Rodriguez, said the government would appeal against the ruling. He also said plans to hand over the 35-year concession in December would remain unchanged.

Andrea Campbell, Buenos Aires

■ US ECONOMY

Durable goods orders surge

A surge in demand for electronic and electrical equipment produced a sharp rise in orders for durable goods from US manufacturers last month, the Commerce Department reported yesterday.

Orders rose by a seasonally adjusted 2.7 per cent in August, for the third month in a row, after a revised 0.1 per cent gain the previous month. An earlier report suggested orders had fallen in July, but the revision for that month and the estimate for August indicated the US manufacturing sector is continuing to power ahead.

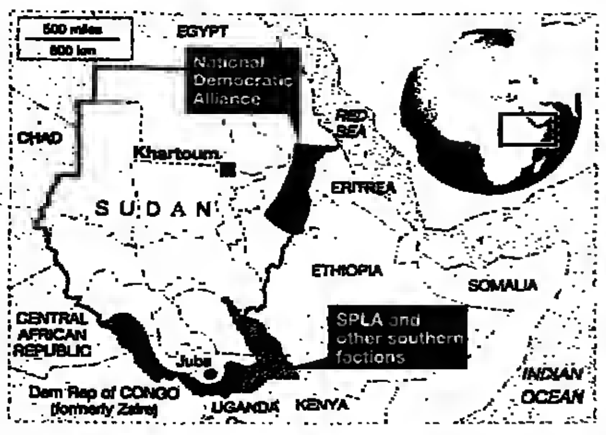
The monthly data are highly volatile, but longer-term indicators leave no doubt that demand for durable goods is rising at a rapid and accelerating pace. In the three months to August orders rose at a seasonally adjusted annual rate of 18.1 per cent.

Gerard Baker, Washington

Sudan's Islamist regime agrees to hold talks with leader of southern rebels

Khartoum seeks to divide its opponents

By Mark Huband in Cairo



Garang: under pressure from his northern allies

Sudan's Islamist regime is to resume peace talks with southern rebels in an apparent bid to confront mounting threats to its rule caused by the impact of war in the south and political disintegration in the north.

Government representatives and delegates from the Sudan People's Liberation Army (SPLA) agreed this week to resume talks in the Kenyan capital, Nairobi, on October 28.

The announcement of talks coincides with a US decision to return its diplomats to Khartoum, 19 months after they were pulled out because of concerns for their security.

Ali al-Haj Mohamed, Sudanese minister for federal affairs, said Sudan was committed to a negotiated settlement to the 14-year civil war, which has left up to 1m dead and southern Sudan a wasteland.

The government pulled out of negotiations with the SPLA in September 1994, after failing to secure a pre-talks ceasefire and accusing the non-Moslem regional states sponsoring the talks of bias against the Islamist regime.

Since then, the government has failed to capitalise militarily on the disunity of the southern rebel factions. It has also failed to bring political cohesion to the Moslem north, which is increasingly divided on sectarian and political lines.

Its isolation has now led for the first time in 43 years of north-south conflict to the formation of a National Democratic Alliance (NDA), comprising northern Moslems and sonthern factions. They are united in their opposition to the ruling regime, which is itself an alliance of military officers and politicians of tbe National Islamic Front (NIF).

The central military figure in the opposition NDA is John Garang, the SPLA leader, with whom the government will resume discussions next month. Khartoum is likely to call for an agenda at the talks based on a peace agreement it signed with six other southern rebel groups in April.

In this agreement, the government acknowledged that its *jihad*, or holy war, against southern non-Moslems had failed, by agreeiog to the long-held southern demand for a referendum on southern self-determination. This is scheduled to take place by 2001.

The northern element of the NDA, which has mounted military offensives against the government in the east and channelled resources to bolster the SPLA's ongoing military effort in the south in the past eight months, is chiefly determined to oust the government in Khartoum.

The resumed peace talks will not directly involve the NDA, but tbe SPLA is likely to come under pressure from its NDA allies to press the government for concessions which will further damage its credibility among northerners. Eight years after taking power, the NIF is associated with failed policies. It is unlikely to get credit for bringing peace, and its readiness to negotiate will be viewed widely as an opportunistic measure to ease domestic pressure.

The government is determined to divide its opponents in the NDA, and hopes to draw the SPLA away from the alliance by dealing with it separately.

A central issue will be Mr Garang's commitment to the unity of Sudan. Traditionally, the SPLA has been committed to creating a separate southern state, if a referendum of southerners voted in favour of it.

Mr Garang modified this call in the interests of forming his alliance with the northern oppostion, which favours unity. Despite affirming his commitment to unity, he is aware that the overwhelming majority of southerners favour the creation of their own state. It is unclear what the SPLA now expects from tbe government, tbough officials in Khartoum believe Mr Garang is determined to overthrow it.

The April accord with the minor southern factions was followed by government calls for Mr Garang to sign up to the same accord.

The renewed talks reflect the increasing pragmatism which dominates policy in Khartoum. Government troops in the south have lost a string of towns to the Ugandan-backed SPLA in recent months.

While the expense of the war has been a significant drain on the northern economy, the government's main concerns are political. It is seeking a solution in the south to strengthen its northern power base.

President Omar al-Bashir, who seized power in a 1989 coup, has in recent months increased his influence at the expense of the army's NIF allies, led by Hassan el-Tourabi.

"The military people are now more in charge than they used to be. If the NIF were not in power, its support would be halved," al-Tayib Zain al-Abdin, a Khartoum university professor and former NIF supporter, said in Khartoum recently.

Russia backs Lockerbie trial call

Russia yesterday joined African and Arab countries in the United Nations Security Council in pressing Britain and the US to allow the trial of two Libyans, accused of blowing up a Pan Am jet in 1988 over Lockerbie in Scotland, to take place in a third country, writes David Buchan in New York.

This backing by Russia, a permanent member of the Security Council, marks widening international support for Libya's proposal for a trial on "neutral" territory which already has backing from the Organisation of African Unity and the Arab League.

Caught unawares by the decision of several foreign ministers to raise the Lockerbie issue in yesterday's special debate on Africa, Robin Cook, the UK foreign secretary, and Madeleine Albright, the US secretary of state, rapidly redrafted their speeches to reject any change in trial venue or dilution of UN resolutions and sanctions against Libya for failing to send its citizens for trial.

"There can be no compromise with Libya when it comes to terrorism," said Mrs Albright, while Mr Cook said: "The charge sheet [against the Libyans] is a compelling and full one."

Lebanese pound hit as cabinet throws out plan to raise $800m

By Roula Khalaf in Beirut

The Lebanese pound came under pressure yesterday, after the cabinet rejected an $800m economic plan proposed by Rafiq Hariri, the prime minister.

Mr Hariri was seeking approval to raise $800m in bonds on the international markets to pay for social-related programmes, ranging from school expansion to public transport. Servicing the foreign debt, some of which he hoped would have a maturity of 30 years, was to be achieved through taxes and price rises.

The revenue-raising measures were also to be used to alleviate a budget deficit running at 53 per cent of expenditure, well beyond the 38 per cent target.

But ministers on Wednesday balked at Mr Hariri's proposal to raise petrol prices, leading to the shooting down of his plan. Expectations that Mr Hariri might resign were dismissed by the prime minister, who said he would fight on.

Bankers said the cabinet decision created uncertainty in the markets and led the Lebanese central bank to spend roughly $30m to support the Lebanese pound yesterday.

However, the bankers said that the pressure on the currency is likely to ease as Mr Hariri figures out how to alter tbe plan to make it more palatable to his ministers.

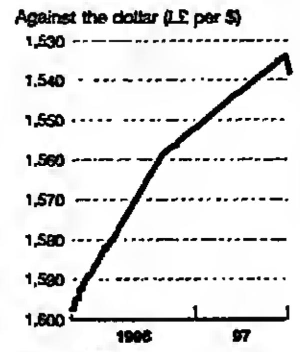
Mr Hariri, the architect of Lebanon's $60bn reconstruction plan, faces criticism at home for failing to tackle growing social problems and to channel resources towards social sectors. But with government finances under strain and a ballooniog local currency debt burden, the prime minister's options are limited.

About 80 per cent of expeoditure is fixed and accounted for by salaries and debt servicing. On the revenue side, the government suffers from widespread tax evasion.

Critics say Mr Hariri should cut waste and attack corruption to reduce expenditure and limit tax evasion.

Lebanese pound

Against the dollar (L£ per $)



Source: Datastream/ICV

But Hariri supporters say administrative reform has met with political resistance, leaving the only options of increasing revenue through new taxes, price rises and raising foreign debt.

US joins chorus of criticism after Netanyahu proclaims Jewish homes plans

Israel rejects warnings on settlements

By Judy Dempsey in Jerusalem

Israel yesterday brushed aside growing international criticism over its settlement expansion policy, despite a warning from the outgoing US ambassador of further conflict in the region.

The warning by Martin Indyk came after Benjamin Netanyahu, Israel's prime minister, proclaimed that he would build 300 new homes for Jewish settlers in the Efrat settlement and would continue building in the occupied West Bank.

Mr Netanyahu's avowal in a speech to Jewish teenagers coincided with attempts by the US to restart talks between Israeli and Palestinian officials in Washington and New York.

But Hanan Ashrawi, Palestinian minister of higher education, said the latest Israeli decision seemed to indicate that Mr Netanyahu was "wilfully intent on destroying" the Middle East peace process. "It is a dangerously irresponsible position, bordering on insanity that is going to turn the whole region into another cycle of conflict and violence," she said.

In New York Madeleine Alhright, US secretary of state, reiterated her call for a freeze on expanding Jewish settlements.

"It is very important that there he a time out," Mrs Albright told a news conference following a United Nations Security Council meeting she called on African issues.

During her recent visit to the region, Mrs Albright asked Mr Netanyahu to stop huilding new settlements.

But Israel's latest move has been interpreted by diplomats as a snuh to the US as well as indifference to international criticism.

At the centre of latest concern is the Efrat settlement, a half-hour drive from Jerusalem. The settlers said they were merely huilding according to government-approved plans and with private capital. However, the government has allocated generous loans to make Efrat, part of the 6,000-stroog Gush Ezion settlement, into a pcoper suburb of Jerusalem.

"It is pure basic logic – [to meet] the natural growth of existing settlements," said Mr Fogel, declining to comment that if such natural growth existed why did the government need to advertise to attract Israelis to the settlements.Instead, He said "Palestinians have natural growth as well," implying they could build to meet such population growth.

But a report published earlier this week by B'Tselem, the Israeli human rights group, showed that Palestinians living in Israeli-controlled areas of the West Bank had little chance of obtaining building permits compared with settlers who received preferential treatment. In most cases Palestinian homes huilt without permits are demolished.

NEWS DIGEST

Ship pollution curbs agreed

Sea-going nations yesterday approved the world's first international curbs on air pollution from ships. The London-based International Maritime Organisation said 59 states – including those which host popular flags of convenience - had agreed amendments to the International Convention for the Prevention of Pollution from Ships.

The curbs limit emissions of sulphur dioxide and nitrogen oxide, which cause acid rain. Norway says the problem of air pollution from 2,000 ships in its coastal waters is so serious it is set to exceed the effects from air pollution from 1.7m cars on its roads.

Governments have also agreed to ban the incineration at sea of PCBs, contaminated material, and the use of chlorofluorocarbon gases, which deplete the ozone layer. The new rules apply only to international shipping and the IMO is still working out how to carry out its mandate to eoforce the rules using the ships and personnel of member states. The regulations come into force worldwide only 12 months after a minimum of 15 states accounting for at least 50 per cent of the world's merchant fleet have ratified it. *Leyla Boulton, London*

■ SMOKING

Call on nicotine substitutes

The world's 1.1bn smokers should have easier access to less dangerous ways of feeding their nicotine addiction, according to doctors and other tobacco control experts who met under United Nations auspices this week.

Alternative Nicotine Delivery Systems (Ands), such as nicotine chewing gum, patches and nasal sprays, could save millions of smokers from premature death and disease, they say. However, access to substitutes is constricted hy strict drug approval laws whicb do not apply to tobacco, they said.

Dr Jack Henningfield, of the Johns Hopkins University School of Medicine in the US, said yesterday that while nicotine could be highly addictive it was not itself the main cause of tobacco-related illnesses. These are caused by other components of tobacco smoke such as tar and carbon monoxide.

"People who smoke and want to quit find it difficult to stop because they crave nicotine," he said.

The use of nicotine substitutes is estimated to double smoking quit rates. But the expert group meeting, sponsored hy the UN Conference on Trade and Development which is the UN "focal point" on tobacco, said quitting should be only one prong in a strategy that also encourages existing smokers to at least cut down tobacco consumption, if necessary through long-term nicotine replacement treatment.

Nearly half of all smokers will die prematurely from diseases related to tobacco, which already kills 3m people a year. *Frances Williams, Geneva*

■ EGYPT-ISRAEL RELATIONS

Ambassador 'harassed'

Strained relations between Egypt and Israel deteriorated further yesterday when Egypt's ambassador to Israel said he had been harassed by Israeli security forces and was ready to leave the country if there was no improvement in his treatment.

Mohammed Bassiouny, who was appointed ambassador to Israel after the two countries exchanged diplomats in 1980, complained that his clearly-marked diplomatic car had been subjected to a three-hour search by Israeli security forces at the Egypt-Israeli border last weekend.

Mr Bassiouny also criticised the Israeli authorities for allowing a demonstration to take place recently outside his home in protest at an Egyptian court's guilty verdict on Azam Azam, an Israeli living in Cairo accused of spying for Israel. The ambassador's criticisms come four days after Egypt's President Hosni Mubarak accused Benjamin Netanyahu, the Israeli prime minister, of insulting the Egyptian judicial system by questioning the verdict on Mr Azam. *Mark Huband, Cairo*

■ AFGHANISTAN

Iran offers to mediate

Iran plans fresh efforts to hring peace to Afghanistan and will invite warring factions to the negotiating tahle, Kamal Kharrazi, foreign minister, was quoted as saying yesterday. Mr Kharrazi said encouragement given to Iran by Kofi Annan, United Nations secretary general, and expectations in the region had paved the way for Iran to launch fresh efforts and invite the belligerent parties in Afghanistan to the negotiating table. *Reuters, Tehran*

NEWS: UK

Cancer warning about meat is stepped up

By Nicholas Timmins and Maggie Urry in London

The UK government and its medical advisers yesterday toughened a warning over the risks of cancer from cooked and processed red meat by advising those who eat as little as 90g a day to consider reducing their intake.

People who eat more than 140g daily – about 12 to 14 portions a week – should definitely cut their consumption, said the Committee on Medical Aspects of Food and Nutrition Policy (Coma).

Its recommendations coincided with a study from the World Cancer Research Fund. The international cancer charity went much further down the road to vegetarianism by advising that "if eaten at all" red meat intake should be less than 80g daily.

The recommendations, combined with a call to boost intakes of fruit, vegetables and dietary fibre, are a further blow to a UK beef industry whose sales have only just recovered to the level seen before the "mad cow" crisis began in March 1996.

The recommendations are worse for meat industries elsewhere: average daily consumption in most of mainland Europe, the US, Australia, Canada and New Zealand is either above or far above the UK figure of 90g.

The move to toughen the warning came after a dispute within Coma. Senior committee members found they had not been consulted on a working group study which limited its recommendation to saying that those eating more than 140g daily should cut down. That affects about 15 per cent of the UK adult population. The recommendation to consider a reduction for those above 90g a day affects a far higher proportion.

Frank Dobson, the health minister, said he had ordered the report not to be published until the full committee had considered it on Wednesday. Members of Coma and ministers are understood to have been infuriated by the response of the Meat and Livestock Commission to a leak of the working group's findings in the Financial Times.

The commission briefed that the finding meant people "should eat no more than an average of 140g cooked weight" with its spokesmen saying this implied the average person "has the leeway to eat more red meat rather than less."

Coma's recommendation was therefore "clarified" to prevent any misinterpretation, Department of Health officials said.

Colin Maclean, director-general of the Meat and Livestock Commission, challenged the two sets of findings, saying "it simply isn't true that science supports the case for a link between red meat and colon cancer". He added: "The real issue is bad diet, not bad food."

The World Cancer Research Fund's report said better diet and exercise could reduce cancer incidence by between 30 per cent and 40 per cent, preventing 3m-4m cancer cases a year globally.

Auditors' fees jump thanks to non-audit work

By Jim Kelly, Accountancy Correspondent

Fees paid to the audit firms which serve the UK's top companies rose 16 per cent over the past year. But the growth was led by charges for non-audit work which jumped 26 per cent compared with just 4.4 per cent for the audit itself.

Total income for the auditors – almost exclusively from the so-called Big Six accountancy firms – reached £425m ($684m), with audit contributing £185m and other work such as tax advice and management consultancy reaching £240m.

The figures will fuel debate over whether auditors should be paid large sums of money for add-on services. Some critics say it undermines their independence and ability to be objective in auditing.

Nearly half the companies have paid more for non-audit work than the audit itself – a situation many observers believe is unhealthy. This is a sharp rise compared with last year – up from 37 companies to 45.

The figures may understate the real situation because it is for the companies to decide whether they disclose non-audit fees paid to their auditors for work done outside Britain. The biggest UK firms are all international organisations.

The figures, revealed today by Accountancy magazine, have been distorted by new entrants to the FTSE 100 companies which had to pay large non-audit fees to demutualise or list.

Excluding the new entrants, total fees rose 9.3 per cent and non-audit fees 15 per cent. The figures help explain why the proposed merger between Price Waterhouse and Coopers & Lybrand is centred on winning market share in the consultancy markets rather than in statutory audit.

EU plan to cut landfill waste to be opposed

By Leyla Boulton, Environment Correspondent

Britain will oppose a European Union plan for a cut in waste sent to "landfill" sites, Michael Meacher, environment minister, said yesterday.

He said a proposed steady reduction in the amount of biodegrable rubbish that can be dumped in landfill sites to 25 per cent of current levels by 2010 would divert more waste to incineration, rather than encourage recycling. Implementing the draft EU landfill directive in Britain would cost between £3bn ($4.8bn) and £7bn, he said. While the government favoured recycling and composting over landfill and incineration, the directive's assertion that incineration was "invariably better" than landfill was "from an environmental point of view ... simply not convincing".

The announcement marks a reversal of the attitude adopted by the governing Labour party when it was in opposition. Then it favoured a fixed target for reducing waste sent to landfill.

The government's approach, which closely resembles that of the previous administration, delighted the waste management industry, whose trade organisation Mr Meacher was addressing yesterday.

The UK waste industry, which landfills around 80 per cent of the nation's rubbish, has invested a lot of money in developing sophisticated landfill sites that minimise land, air and water pollution.

But Friends of the Earth, the environmental pressure group, expressed dismay at the government's stance. It dismissed Mr Meacher's estimates for the cost of implementing the directive as greatly exaggerated. It claims that waste that is no longer sent to landfill can simply be recycled or composted rather than burned in costly new incinerators.

Mr Meacher said, however, this was unlikely to be possible. But he attacked the previous Conservative government for not doing enough to enable Britain to reach its target of increasing recycling to 25 per cent of domestic waste from a current level of 6.5 per cent.

Luxembourg, which holds the EU's rotating presidency, wants environment ministers to adopt the directive by the end of the year.

The European Commission, which drafted the directive, has said its room for manoeuvre has been constrained by the European parliament, which threw out an earlier version of the legislation as too lax.

Public watchdogs fail to bite on costs

Regulation of the state by the state is the fastest growing area of public expenditure

Nothing comes for free, and the price of "downsizing" and "outsourcing" government has suddenly become clear: a growing and increasingly expensive regulatory state.

Its scale has become awesome, as the first results released yesterday from an Economic and Social Research Council study show. Inspection and regulation of public services – that is, regulation of the state by the state – has grown over the past 20 years into a £1bn ($1.6bn) business employing 20,000 people.

It is the fastest-growing area of public expenditure. Between 1976 and 1995, its costs rose three to sixfold in real terms when total government spending has increased by only a third.

Moreover, these figures make no allowance for the costs of compliance: the time and money that the public sector spends dealing with its regulators. Adding that it would "at least double" the direct expenditure of between £750m and £1bn to around £2bn, the research team from the London School of Economics estimates.

The figures apply only to internal regulation of government: they exclude the costs of regulating the private sector, which are roughly similar, and they exclude the six regulators of the privatised national industries, whose costs by comparison are tiny: a mere £30m a year.

Water industry regulator Ian Byatt (left), said yesterday that consumer protection should be made his primary duty. At the moment, that duty comes second to ensuring that water and sewerage companies can carry out and finance their obligations.

Meanwhile, telecommunications watchdog Don Cruickshank is proposing to reform telephone directory services because a growing proportion of the population is going ex-directory to escape nuisance and telesales calls.

The introduction into the health and other government services of purchaser/provider divides and similar market-like mechanisms is partly responsible for this army of regulators. Another factor is the creation of arm's-length civil service agencies to deliver a vast range of services, from collecting national insurance contributions to providing driving tests.

To that must be added the rise of the ombudsmen, of whom there are now 16, and the greater demand for probity and standard setting in public life.

Much of this activity is plainly needed to protect the taxpayer and the recipient of public services. But as government has become leaner – concerned, in the buzz-phrase, with "steering not rowing" – a form of Parkinson's law has been operating. While civil service numbers have shrunk by a quarter, the internal regulators of government have grown two to threefold.

Are they value for money? That is unclear, according to the London School of Economics team that undertook the research.

What is clear is that there is no real attempt by most regulators to assess the true costs of what they do – unlike in the private sector, where government repeatedly attempts to reduce business regulation.

The study calculated that for one London borough the direct costs of dealing with government departments, inspectorates, ombudsmen and local audit bodies are at least £1.85m a year.

In addition, the regulators can produce contradictory pressures. The ombudsmen, for example, press organisations to provide proper compensation. The Treasury tells public sector bodies to keep it minimal, to restrain public spending.

The remits of the National Audit Office and the Audit Commission overlap, while the regulators, with the qualified exception of those two bodies, have proved extremely poor at doing what they demand of others – questioning the value for money and efficiency of their own work.

What flows from this? One immediate answer is that it is a suitable subject for the government's comprehensive spending review. The Home Office is already planning to review its inspectorates, but the opportunity is there for a cross-government approach. Regulators should be required to demonstrate their efficiency and effectiveness.

Perhaps the most striking finding from the study is a projection: that if regulators grow and the civil service shrinks at the same rate as for the past 20 years, then a century from now "the civil service will have become like the abattoir industry of the 1990s, with more than two regulators for every 'doer'."

Nicholas Timmins

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CONTRACTS & TENDERS

CIVIL AND CRIMINAL COURT OF BRESCIA

Bankruptcy 23/97 'F.lli Marocchi di Stefano Srl' sells, through private negotiations, the Company's operational complex, based in Sarezzo, fraction Ponte Zanano, Via G. Galilei 8, with on-going activity for the production of shot guns and sporting weapons, as well as a machine shop, excluding the entire real estate complex, in its present legal state and condition, as described in the official appraisal report deposited for the proceedings.

Base price Lit. 1,350,000,000 for the single lot, as well as the stamp tax foreseen by law. All those participating should present irrevocable offers to buy to the Bankruptcy Chancellery by 1pm on 09.10.97, depositing Lit. 135,000,000 as caution money, in addition to Lit. 70,000,000 subject to adjustments of the costs of the sale, in transferable banker's drafts issued in the province and made out to the 'Procedura Fallimentare' (Bankruptcy Procedure). The adjudication price will have to be paid within 60 days in banker's drafts as indicated above; all expenses relative to the transfer with the successive notarial deed are to be borne by the buyer. Each offer should contain a declaration of:

- the offerer's identification and domiciliation;
- the price offered. For an offer with delayed payment: the payment conditions, with explicit indication of the interest rate applied, and irrevocable payable at first request bank fidejussion;
- the knowledge of the right of pre-emption ex Italian law 223/91 recognised to the current tenant;
- the knowledge of the selling ordinance, of the single appraisals, of the lease contract, 04.04.97 with expiry 04.01.98, of the company branch, the summary appraisal, all of which are deposited in the files of the proceedings.

On 14.10.97 at 11.30 am at the Court of Brescia, the Official Receiver Dott. Bianchetti Carlo will proceed with the adjudication in the case of a single offer or, in the case of more than one offer, will proceed with an informal contest, following the standard terms.

For further information please contact the Bankruptcy Chancellery or the Curator Dott. Roberto Mutti in Brescia, Via Solferino 32/A. Fax: 0039/30/41385-45802.

LEGAL NOTICES

In the High Court of Justice No. [illegible] of 1997
Chancery Division
Companies Court
IN THE MATTER OF NORWICH UNION LIFE & PENSIONS LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division [illegible]

In the High Court of Justice No [illegible] of 1997
Chancery Division
Companies Court
IN THE MATTER OF WHARFSIDE HOTELS PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition [illegible]

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Chief executive blames industry minister for blocking attempt to merge with Bass

Carlsberg-Tetley to close three breweries

By David Wighton, and Ross Tieman in London

Carlsberg-Tetley, the UK's third-largest brewer, yesterday announced a wide-ranging restructuring involving tha loss of 1,500 jobs, almost a third of its 3,700-strong workforce.

Three hrewaries will be closed or sold and production will be concentrated at two others, along with marketing and management functions.

Ebbe Dinesen, the chief executive, said the cost-cutting was necessary because of intensifying competition and because the UK government had blocked earlier plans to merge the business with Bass Brewers.

The naws hrought an angry reaction in Westminster where one MP in the governing Lahour party openly criticised the decision of Margaret Beckett, the chief industry minister, to veto the merger. Martin O'Neill, Labour chairman of the House of Commons trade and industry committee, expressed "bitter disappointment" at the closures, which he said could have been preventad hy allowing the merger to proceed.

Mr O'Neill said the closure of the Alloa brewery in his Scottish constituency would remove desperately-needed employment in a "severely beleaguered economy".

Mrs Beckett was also attacked hy John Redwood, tha opposition Conservative party's ahadow industry minister, who hlamed the job losses on her decision. "British workers are paying a heavy price for the policies of New Lahour and Margaret Beckett," he said.

Criticism focused upon Mrs Beckett because she chose to override the majority view of the Monopolies and Mergers Commission panel, who argued that the merger should be allowed with some consumer safeguards.

Since then, Bass has sold its 50 per cent share in Carlsherg-Tetley, hought from Allied Domecq for £200m, to Carlsherg, which already owned the other half. Carlsberg paid £110m for the half of Carlsberg-Tetley it did not already own. Ironically, it is that discounted price that has left Carlsberg with the halance-sheet strength to undertake a restructuring of its UK hrewing arm.

But, defending her decision, Mrs Beckett said yesterday joh losses had been inevitahle whether or not the merger with Bass went through. "The Monopolies and Mergers Commission looked closely at likely employment consequences," she said. "They found that hlocking the merger or allowing it to go ahead would be unlikely to lead to significantly different consequences for the number of jobs affected."

When Bass and Carlsberg announced the plan to merge their UK hrewing husinesses in August last year, they said significant savings in production, distribution and marketing costs were expected.

In its evidence to the MMC, Carlsberg, the parent company of Carlsberg-Tetley, warned that the subsidiary's future was at risk if the deal was hlocked.

Yesterday's announcement, based on a three-month review since Mrs Beckett blocked the deal, is hroadly in line with the expectations nf analysts in the City of London.

Bass, which needs extra production capacity to meet rising sales of its hrands, said it was interested in acquiring C-T's brewery in the English Midlands town of Burton upon Trent. Unless huyers can be found, the Burton brewery is scheduled to close in April 1999.

Decline reported in near-misses by aircraft in flight

By Michael Skapinker, Aerospace Correspondent

There were 24 serious incidents in the UK's skies in the first seven months of this year which could have resulted in aircraft colliding, according to provisional figures from the Civil Aviation Authority.

The CAA said, however, that this was down from 31 such incidents both in the same period last year and in the first seven months of 1995. In the first seven months of 1994, there were 27 serious incidents.

The authority said that in all these cases, the distance between aircraft was such that there was either the risk of a collision or the safety of the aircraft had been compromised.

The CAA wrote last month to all UK airlines, drawing their attention to the dangers of aircraft deviating from the altitudes assigned by air traffic control. The airlines had been instructed to review their operating procedures.

A joint working gronp from the CAA and the aviation industry is examining ways of reducing incidents of aircraft deviating from assigned altitudes.

Air travel in the UK was still, however, very safe, tha CAA said. The level of air traffic had increased by 25 per cent between 1991 and 1996, but safety-related incidents had not risen at the same rate. Over 1.6m aircraft passed through UK airspace every year – an average of 5,000 a day.

Bill Semple, the chief executive of National Air Traffic Services, a subsidiary of the CAA, said pilots and air traffic controllers were being encouraged to report incidents in the air to a greater extent than in the past.

New technology had also made it more likely that safety-related incidents would be detected.

All aircraft flying in Europe will be required to have on-hoard collision avoidance systems by 2000.

The CAA said the UK had taken the lead in pressing for the system, to be made mandatory in Europe.

Trade gap figures fail to go bang

The pound's rise has not hit exporters as hard as expected

After a year since sterling's sharp rise on foreign exchange markets and a chorus of complaints from exporters, the City of London has been waiting for the UK trade deficit to skyrocket.

And yesterday, after the release of the latest official trade data, it was still waiting. The figures suggest some signs that exports are slowing, and imports growing. Bnt the deficit looks nothing like the hoge trade gap that appeared in 1988, the last time the UK economy was growing as rapidly as it is now.

The equation behind the warnings of a burgeoning deficit is simple. Since August 1996, the pound has appreciated hy about 20 per cent against the Bank of England's trade-weighted basket of currencies.

The strong appreciation should burt the UK's trading position, as it makes exports more expensive and imports cheaper. So the volume of exports should fall and imports rise. This seems to be borne ont hy the survey evidence from UK mannfacturers, showing a collapse in export orders.

But either the full effect of sterling's rise has yet to take place, or the UK economy has changed since 1988, when the cnrrent acconnt deficit was 6 per cent of gross domestic product.

This time, a numher of forecasters say the deficit may be 1 per cent of GDP – hardly surprising in an economy in an advanced stage of its recovery.

According to the new figures, in trade with the rest of the world in July, the volume of UK exports fell hy 0.5 per cent compared with Jnne, while imports rose hy 2 per cent.

But monthly figures tend to fluctuate, and the Office for National Statistics (ONS) and the Treasury warn against puttiog too mnch weight on one month's data.

Over the three months to July, exports were mnch healthier. Export volumes, excluding oil and erratic items, rose 3.5 per cent compared with the previons three months. Imports rose hy 2 per cent at the same time. And the ONS said yesterday that the underlying trend is for exports to rise.

Economists have spent a lot of energy trying to explain wby exports are not tailing off after such a steep rise in the currency.

Capel-Cure Myers, the fnnd manager, has suggested tbat investment by overseas companies such as Nissan and Panasonic has revitalised the export sector, especially in cars and electronic goods.

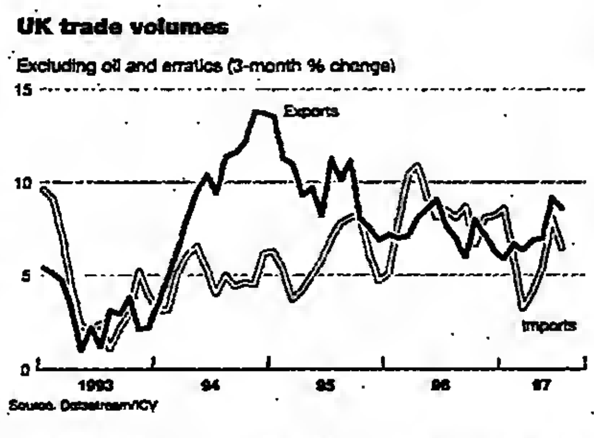
Meanwhile, the Treasury said it always expected the full effects of sterling's appreciation to have a "considerable delay", caused hy currency hedging and orders placed well before sterling's rise. For exampla, the contracts for the £400m of oil exploration eqnipment, which distorted yesterday's trade figures, were signed two years ago.

The Treasury has also said UK exporters have been able to develop some overseas niche markets, which are less price-sensitive.

Other exporters have been willing to cnt their prices and profit margins to retain overseas market share. The ONS said that the prices of non-oil exports fell hy 5.3 per cent in the three months to June, compared with the previons three months.

How long this can continne is an open question. It may be that the economic recovery in continental Europe will ride to the rescue of UK exporters. But in the meantime, the wait for the bad news continnes.

Richard Adams



UK NEWS DIGEST

Gates money for Cambridge

Cambridge University yesterday received a $20m gift from Bill Gates, the head of Microsoft, the US computer software giant. It follows Microsoft'a plans, announced in June, to set up a £50m research centre in Camhridge – its first outside the US.

The gift will finance a new compnter laboratory, and underscore the reputation of the university as Europe's premier information technology ceotre.

Mr Gates said: "Cambridge is one of the great universities of the world, and its focus on excellence in computer science demonstrates a unique ahility to huild on a legendary tradition of learning." *Simon Targett*

■ NORTHERN IRELAND

Grenade attacks discovered

Grenade attacks have been launched in the past 24 hours on two police stations in Belfast, the Northern Ireland capital, police said yesterday. Neither device – believed to have been thrown during the night – exploded. British army bomh disposal experts yesterday made them safe. No organisation claimed responsibility.

Philip Stephens, Page 12

■ PRESS INTRUSION

Editors back tough controls

Editors of tahloid newspapers yesterday said they intended to put into practice immediately proposals hy Lord Wakeham, the chairman of the Press Complaints Commission, to toughen measures against press intrusion.

The proposals, drawn up in the wake of the death of Diana, Princess of Waies, would significantly tighten a voluntary code covering the behaviour of photographers and reporters. Lord Wakebam said he remained convinced that self-regulation of the press was the most effective protection from intrusion for ordinary people because they would have to hire expensive lawyers to enforce a legal code. *John Gapper*

■ NATIONAL LOTTERY

Camelot drops bookmaker case

Camelot, the operator of the National Lottery, has abandoned its legal action against three leading bookmakers over "49's", a rival numbers game, and appealed instead to parliament to step in. The members of Camelot are Cadbury Schweppes, the UK food and drink group; De La Rne, the security printers; Racal Electronics; ICL, a UK offshoot of Fujitsu; and GTech, the US lottery equipment supplier.

Last month Camelot lost a private case against Ladbrokes, William Hill and Coral, operators of the game, and said it would appeal against the court ruling that 49's was a legal form of betting.

The 49's game is screened live in betting shops and involves customers betting on the chance of up to five numbers being randomly selected from a total of 49. As with the National Lottery, the numbers are marked on multi-coloured balls emerging from tubes.

The betting industry has argued that the game has belped it to recover from the effects of tbe National Lottery. *Scheherazade Daneshkhu*

Classified appointments announcements

Edward Jones

Just appointed by Grosvenor Estate Holdings to join their Commercial Development Team

Edward Jones (aga 30) brings a blend of property and financial skills to tha Commercial Development team, having spent the past five years with BZW Property Advisory Group, a specialist Corporate Finance unit responsibla lor the structuring of a number of major schemes. Edward will be working at Grosvenor on a range of commercial development projects including office, residential and business park schemes, both in Central London and throughout the UK.

Edward said: "I am delighted to be joining Grosvenor; this is a tremendously exciting opportunity to work within a high-quality organisation with a substantial and varied development programme."

Neil Jones

Continental Director to head up Grosvenor Estate Holding's newly formed Continental Team

Neil Jones (age 31), formerly a partnar at Healey & Baker, was based at their Brussels office. However, for the past two years he was seconded to Marlin Land in Hong Kong, a South East Asian associate company in which Grosvenor ia also a shareholder.

Neil said: "Wa see wonderful opportunities in Continental Europe. We have already invested US$200 million in those Continental markets which we believe are poised for recovery. Our strategy has been to align ourselves to the best partners, enabling us to have local influence and exposure to a wide portfolio of prime assets. Within six months or so we will open a Paris office from which we will operate our Continental business."

Russ Tiller

Managing Consultant

Russ Tiller, formerly a Project Services Manager with McDermott Engineering, has joined *Project Management Professional Services* in High Wycombe as a Managing Consultant.

Russ graduated from Nottingham University in 1977 and after a spell in commerce converted in 1979 to tha world ol project management. He is a member of both the Association for Project Management and the Project Management Institute.

His breadth of experience and knowledge are a welcome addition to PMP's One Stop Project Management Service.

Dr David Hillson

Managing Consultant

PMP are pleased to announce that Dr David Hillson will be joining them as Managing Consultant in October 1997. David will have special responsibility for risk management consultancy and training, drawing on his position as a recognised authority in the field. Ha is founding editor of tha prestigious *International Journal of Project & Business Risk Management*, and is a regular speaker at major conlerences and seminars on tha subject.

David's speciality is risk technology transfer, assisting organisations in developing an in-house risk managament capability. Ha has recently developed the *Risk Maturity Model* to anable companies to benchmark their risk processes against best-practice, allowing development of effective change strategies for Introducing or improving risk management, and providing clear indicators of progress and auccess.

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THE PROPERTY MARKET

Reason to think Pinc

Norma Cohen on an asset securitisation idea

Nomura's acquisition of the Inntrepreneur pub chain has raised eyebrows among those who closely follow the drinks industry. Overlooked, perhaps, is the significance of the deal as a property story.

Nomura bas agreed to purchase the chain of 4,300 pubs for £1.2bn, ($1.9bn), a remarkable sum considering that, a year earlier, it had been negotiating to buy 1,410 pubs for about £248m. The arithmetic suggests Nomura was prepared to pay twice the price for each additional pub.

Goy Hands, head of asset securitisation at Nomura and the negotiator of the deal, hints that some revival of a mucb heralded, hut never used, 1980s mechanism is under consideration. "Think Pincs," he says.

Pincs - property income certificates - were a two-part security traded as one on the London Stock Exchange. One element was debt-like, entitling the holder to a portion of the rental stream from a property pool. The other element was equity, reflecting the properties' capital value. The value of this latter part would rise and fall with market values of the properties.

"The market would set tha price," explains Stephen Barter, head of consulting at Richard Ellis, the chartered surveyors, and one of the designers of Pincs.

The charm of Pincs was that, because of their complex structure which filtered rent receipts and dividend payments through a trust company, investors were taxed only once on income. However, by the time regulators got around to approving the structure, the property recession had begun.

Mr Hands hints that some similar mechanism could be used to unlock the value in Inntrepreneur.

Asset securitisations such as Pincs attempt to break property down into separate components of valne. In this way, securities can be tailored to the needs of different types of investors, allowing banks to realise sums larger than if they treated the pool as a whole.

Inntrepreneur clearly has several components of value; first, there is the cash flow from the rents on its pubs.

Second, there is the capital appreciation if and when the pubs are resold.

Third, a security could be designed where coupon payments were composed solely of the additional rental income darived from upward-only rent reviews.

Fourth, there is the value to be unlocked in March 1998, when the pub chain is freed of its obligation to purchase all of its supplies from Scottish Courage. Then Grand Pub Co, as the new entity is to be called, will have more muscla than any other buyer in the UK beer market. Already, large pub chains are earning volume discounts of around £90 per barrel, a sum Nomura can surely hope to beat.

However, Grand Pub Co, because of its unhappy history as Inntrepreneur, faces many problems. Large numbers of its tenants are taking a legal challenge to the European Court saying that the terms of their "tie" - which forces them to buy beer from Inntrepreneur exclusively - is illegal.

A third of the publicans - about 1,433 houses - may resist the arrangements.

Bnt even withont that third, there are some impressive numbers. Inntrepreneur says its pubs buy, on average, 325 to 350 barrels annually. At the top end, that means more than 1m barrels of beer. If Nomura could earn a £90 profit on each and pass a generous third of that to publicans, it still leaves pure profits of roughly £60m.

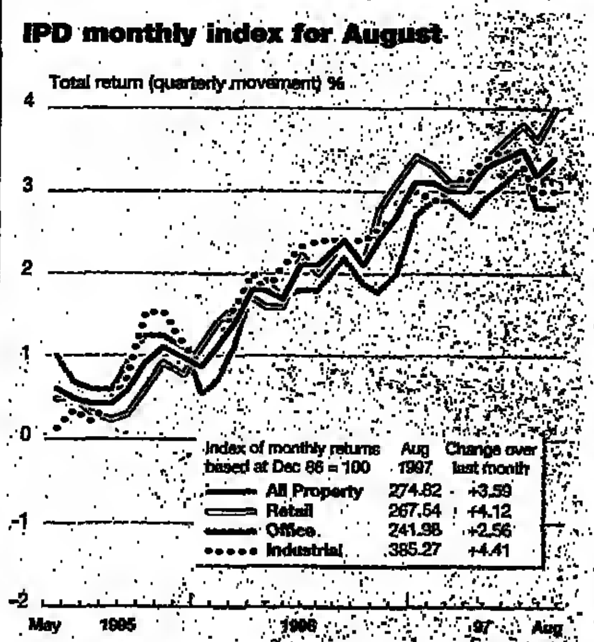
A look at Inntrepreneur's accounts for the year ended September 30 1996 show its greatest cost was £57.3m paid out to finance debts, sums which are retired with the sale of tbe chain to Nomura.

Nomura could structure a Pinc-type aecurity granting an equity interest in the Grand Pub Co core, which would hold the income of beer and food sales and profits on the resale of pub freeholds.

Nomura could then style soma sort of stepped-income security backed hy pub rents and rent uplifts pegged to a sread over index-linked gilts.

There are also interesting the possibilities for securitising the non-performing portion of the estate where publicans hava not reaffirmed their tie.

The property market would do well to remember that tha genesis of Inntrepreneur was as a property company, not as a pub manager. It will be up to Inntrepreneur's new owners to demonstrate that they can unlock the value inherent in the portfolio.



Bounce back

After the dampening effect of the Budget changes to stamp duty, capital growth bounced back across all sectors, rising by half a point to measure 0.6 per cent at the end of August.

The rate of all property total return increased by the same margin, to 1.3 per cent, taking the index value to 274.82 at the end of the month (271.23 in July). Rental value growth measured 0.4 per cent at the end of August, a 0.1 percentage point fall on July's figure. The reduced pace was reflected across all three sectors, with rental growth ranging from 0.1 per cent in the industrial sector to 0.6 per cent for the retail one.

In contrast to this short-term slowing in the rate of rental growth, over the 12-month period rental values across all properties increased 4.2 per cent (August 1996-97) compared with the 3.8 per cent rise for the 12 months to July. Both capital growth and total return across all properties continned to improve, measuring 4.2 per cent and 13.1 per cent respectively for the year to August.

Sector rankings have changed little over the month and retails continue to be the best performing sector with a return of 1.5 per cent (up from 1.0 per cent in July).

THE PROPERTY MARKET

ARTS

A high-voltage way with Sibelius

Andrew Clark is impressed by conductor Osmo Vänskä and the Lahti Symphony Orchestra

First came the railway, then two radio masts, then a winter sports centre – and now the Lahti Symphony Orchestra. Over the past century there has always been something to put the Finnish city of Lahti on the map. The rail link to St Petersburg turned it from a hamlet into a flourishing timber market. The radio masts gave it an international profile on the "wireless". With the sports centre, it took its place on the Nordic championship trail.

In recent years, the Lahti Symphony Orchestra has emerged as the city's principal claim to fame. Thanks to its music director, Osmo Vänskä, and a contract with the Swedish record label BIS, the orchestra has seized the attention of the music world with its revelatory recordings of Sibelius. It began by digging up unpublished scores and championing little-known early versions of mature works, which offered fascinating insight into the composer's working technique. Buoyed by this success, the orchestra has now plunged into the core of the Sibelius *oeuvre*. A recorded cycle of the seven symphonies is due by the end of the year. Vänskä gave a foretaste of the results when he brought the orchestra to Helsinki last weekend for three concerts marking the 40th anniversary of the composer's death.

In the UK, where he is chief conductor of the BBC Scottish Symphony Orchestra, Vänskä is known for his hard-edged, high-voltage way with Sibelius, wiping away the veneer of tradition. But unlike his Sibelius cycle in Glasgow this year, which was spread over three months and mixed with other repertoire, the Helsinki concerts offered an undiluted dose, with an orchestra which has Sibelius's shifting structures and timbral subtleties in its bones.

Given Lahti's lack of cultural tradition and proximity to Helsinki, it seems remarkable that its young orchestra should achieve such a high profile, eclipsing longer-established counterparts in the Finnish capital. But as in Birmingham, success was born of political vision and musical dynamism. Vänskä's arrival in 1988 helped to transform standards and horizons. "We had a utopia," says the orchestra's manager, Tuomas Kinberg. "We wanted to become internationally recognised, and to make good recordings. We have the same possibility as every other orchestra. We simply had to take control of our future by doing things better."

By the mid-1990s, the Lahti Symphony Orchestra had picked up two Gramophone awards and generated worldwide interest in rare Sibelius. The city council duly recognised the orchestra's value as a focus for civic pride. It has given the go-ahead for a new FM111 (£13m) concert and congress centre, to be financed partly by the timber industry and designed with help from US acoustics expert Russell Johnson. The 1100-seat hall, due to open in 1999, will be the orchestra's first purpose-built home. In the same year, it plans to visit the UK, buoyed by the Sibelius family's permission for it to give the first public performances outside Finland of the original versions of the Violin Concerto, *En Saga*, and the Fifth Symphony.

Lahti's orchestra was founded in 1949, but with only 59 players it does not reach full symphonic strength. That seemed of little consequence last weekend at Helsinki's Kallio Church, a building with such heavy reverberation that the music would have been swamped by a larger ensemble. The Lahti orchestra's qualities were nevertheless recognisable. It has a clean, clear sound with crystalline strings, pungent brass and nutty woodwinds. If you had listened blindfold to the start of the Fourth Symphony, you would never have guessed there were only five double-basses. Even in the First Symphony's *Allegro energico*, where Vänskä overturns tradition by observing the composer's whirlwind tempo indication, you could hear every detail, like a chamber orchestra.

In Sibelius, such exactness of balance and attack only comes through long familiarity with the music. The Lahti musicians' responses are not unlike the Oslo Philharmonic Orchestra – a mixture of musicality, technical maturity and youthful enthusiasm. Their work ethic is worlds away from metropolitan attitudes: when external noise disturbed a recent recording of Kokkonen's *Music for Strings*, the orchestra volunteered to return at night, without extra payment.

Vänskä forces his audiences to listen to Sibelius afresh, but his interventionist style is not everyone's taste. He lives for extremes, which gives the music a heavily-manicured surface. Vänskä rips into the First Symphony like a projectile – and very thrilling it is. In the Second, Third and Fifth Symphonies, the landscape is depicted in such intense, anti-Romantic colours that the big tunes, when they come, really hit you. And the *Largo* of the Fourth was so uncompromisingly slow that recent theories about Sibelius suffering from Seasonal Adjustment Disorder began to make sense: has this music ever sounded so dark, desolate, depressing?

But when Sibelius does not blaze or brood, Vänskä is less convincing. The polyphonic strings at the opening of the Sixth Symphony were charmless, the woodwind dialogues in the second movement downright dull. And the structural metamorphoses of the Seventh were ill served by Vänskä's blatant contrasts of tempo and dynamics.

Such quibbles cannot detract from his achievement in Lahti. An otherwise unprepossessing town of 95,000 people has produced an orchestra with impeccable standards and something original to say. In Kalevi Aho (b.1949), it has a composer-in-residence who has not only found a way of communicating with the community at large, but played a crucial role in the orchestra's latest project, a reconstruction of Sibelius's complete *Karelia* music. And the repertoire is by no means inward-looking. The autumn programme promises music by Britten, Elgar and Vaughan Williams, as well as Rautavaara, Sallinen and Lindberg. Lucky Lahti . . .

Theatre

Plain, finely spoken Lear

At the Old Vic, Peter Hall's staging of *King Lear* is as plain and straight as could be. He has imposed absolutely nothing on the text or the action. The stage is all but bare throughout, though the backdrop splits from time to time to reveal mists, shrubs or barren trees. The style of playing is generally temperate, granted some decorous howls towards the end. Body-language is restrained; the actors mostly stand and deliver (there is nowhere to sit).

Shakespeare's words are left to do all the work, and they are spoken with rare, exemplary clarity. From Alan Howard's King one might have expected baroque vocal effects, but no: he is eloquent and quietly intense, never extravagant. His Lear declines inexorably and touchingly into baffled senility.

Hall has been sparing even with reading motives into the characters. The story is simply presented as it happens. Goneril and Regan (Anna Cartaret and Jenny Quayle) are lively sophisticates, and their bright eyes sparkle; nothing prepares us for the monstrous things they get up to later.

Lear himself is not *very* surprised by Cordelia's guarded declaration of daughterly love in the first scene, nor very angry when he cuts her off – though then he pronounces his curse upon her with sudden, scathing ferocity. *Later*, his ruminations on mortality and lechery are more gloating than disgusted. Victoria Hamilton's Cordelia, small and conveniently portable, is a sensitive ingénue, no more, no less: the horrid rope-marks round the neck of her corpse are more affecting than anything she does when alive.

Michael Gardiner plays Cornwall as a glowering brute from the start. We are not surprised at what *he* gets up to; indeed, a knowing chuckle ran round the audience as he gouged out Gloucester's second eye – something I do not remember from any other performance.

Stephen Noonan's Oswald is impeccably slimy. As for Andrew Woodall's modern wide-boy Edmund, he is on the most affectionate terms with his father Gloucester from the start; his "bastards" speech is more like a cheerful grumble than a bitter outpouring.

Alan Howard and Victoria Hamilton as Lear and Cordelia in Peter Hall's new production Alastair Muir

For once, the "good" characters carry greater weight than the heavies. Peter Blythe's decent, increasingly distraught Albany, Denis Quilley's stately Gloucester and David Yelland's youthful Kent are all solid creations (though so relentlessly well-spoken as to distance us a bit). Alan Dobie's sharp, agile Fool belies his years. Best of all, Greg Hicks gives us a living, breathing Edgar who communicates painful feeling in every line and gesture.

Otherwise, this is not a particularly moving *Lear*. But it is honest, and well-balanced, and outstandingly lucid; the text glows.

David Murray

At the Old Vic, London, SE1 (0171-928 7616).

Concerts/**Adrian Jack**

One, two, three, altogether now . . .

Three of London's leading orchestras opened their new season on Tuesday – the Royal Philharmonic at the Royal Albert Hall, the Philharmonia at the Royal Festival Hall and the London Symphony Orchestra at the Barbican. The LSO repeated its programme on Wednesday, so at least one could catch two out of three orchestras. Still, an unmannerly, symbolic point had been made – these bands do not appear to acknowledge each other's existence.

The Philharmonia Orchestra had not its principal conductor, Christoph von Dohnányi, but 85-year-old Kurt Sanderling. Safe as houses, this great bear of a man looked wonderfully supple and energetic, though understandably drained after a radiant performance of Brahms's Second Symphony, which ended the concert. Sanderling is not one to labour special points, though he did indulge the pause in the outer sections of the third movement. His strong suit is breadth of line within firm discipline. The first movement had a lovely relaxed quality, yet he drove it as straight as an arrow. The Adagio, with its slowly churning counterpoint, seemed particularly dark. The drama of the finale was noble, without hysteria.

Part one opened with a strong, fiercely resonant account of Beethoven's Leonore No 3 Overture. And as if she had been listening back stage for what she was up against, Mitsuko Uchida launched Schumann's Piano Concerto with a thunderous opening flourish, and made a big sound her priority in the rest of the first movement. She could have allowed a more delicate lyrical quality in much of its bubbling detail, yet the way she swept vigorously through Schumann's fully composed cadenza, without pulling it about, was bracing. The middle movement was too slow, a lot below Schumann's metronome marking. Yet at least Uchida phrased her little exchanges lovingly, as if wooing her partner, until the cellos took over and she countered by pushing her accompanying triplets impulsively. She must have had some sort of psychodrama in mind. In the finale she was beefy and no-nonsense, leaving charm to the orchestra, as Sanderling suavely let them trip as light as a feather through those episodes which cross the basic waltz tempo in a sort of fairy march.

The London Symphony Orchestra, with its principal conductor Sir Colin Davis, 70-years old on Thursday, had the Japanese-born violinist Midori as soloist in the programme they played at the Barbican on Tuesday and Wednesday. Midori's account of Beethoven's Violin Concerto was restrained in the best possible sense, yet not wanting vigour in the finale. Her tone was not very large, but it didn't need to be, it was so well controlled, with just enough vibrato to give expressive sweetness. Her tuning in the leisurely ascending lines of the slow middle movement was as accurate as the point of a needle – you anticipated each top note with pleasure. And she commanded a concentrated stillness that held the audience spellbound. Her entry after the long orchestral prelude in the first movement was unobtrusively natural – she slid upwards quickly, as if defying gravity. She played Kreisler's cadenzas in both first and last movements with complete assurance and tremendous bravura.

The relaxed spaciousness of the Concerto was in marked contrast with Walton's First Symphony after the interval. Even the slow third movement, with its plangent clashes hovering mournfully, allows only slight relief from the insistence and tension of the other three movements. Sir Colin Davis loves this sort of thing, with plenty of work for the brass and timpani, an emphatic final fugue to show off solidarity in the strings; and the orchestra looked as if it was enjoying it, too.

The Philharmonia Orchestra is sponsored by Eurostar; the London Symphony by the Rover Group.

Glyndebourne director resigns

Anthony Whitworth-Jones has resigned as general director of Glyndebourne, with effect from the end of next summer's festival. Whitworth-Jones, 52, says he wants a "gap year" in his working life.

He and Sir George Christie, chairman of Glyndebourne, issued a joint statement yesterday saying they would part "as true friends and with unstinting mutual esteem". Together with Andrew Davis's recent decision to resign as music director in 2000, the announcement signals a period of change at the top of Britain's leading privately-funded opera company.

There appears to be no link between Whitworth-Jones's resignation and the recent spate of departures from state-subsidised companies. Scottish Opera, the Royal Opera House and English National Opera have all lost their chief executives since May, the last two because of management problems.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
Moving Target: by Frédéric Flamand. Performed by Charleroi/Danses-Plan K; Sep 26, 30

OPERA
Het Muziektheater
Tel: 31-20-551 8911
Das Rheingold: by Wagner. Netherlands Opera. New production, directed by Pierre Audi and conducted by Hartmut Haenchen; Sep 26

■ BERLIN

CONCERTS
Philharmonie
Tel: 49-30-2548 8354
● Berlin Philharmonic Orchestra and the Rundfunkchor Berlin conducted by Claudio Abbado in works by Mahler. With soprano Christiane Oelze and mezzo-soprano Marjana Lipovsek; Sep 26, 27, 28
● Deutsches Symphonie-Orchester Berlin and the Ernst Senff Chor conducted by Gary Bertini in works by Blacher, Henze and Mahler; Sep 28, 29

DANCE
Deutsche Oper
Tel: 49-30-34384-01
Deutsche Oper Ballet: programme of two works by MacMillan – Concerto and Das Lied von der Erde; Sep 26

OPERA
Deutsche Oper
Tel: 49-30-34384-01
● Der Prinz von Homburg: by Henze. Conducted by Christian Thielemann in a staging by Götz Friedrich; Sep 30
● Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Sep 27

■ CHICAGO

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
Nabucco: by Verdi. New production staged by Elijah Moshinsky and conducted by Bruno Bartoletti. Cast includes Maria Guleghina and Samuel Ramey; Sep 26, 29

■ LONDON

CONCERTS
Barbican Centre
Tel: 44-171-638 8891
● Anna Tomowa-Sintow; programme includes music by Strauss and Verdi. John Arnell conducts the Orchestra of the Royal Opera House; Sep 26
● London Symphony Orchestra: conducted by Mstislav Rostropovich in works by MacMillan and Tchaikovsky. With violin soloist Maxim Vengerov; Sep 28
● Midori Chamber Evening: programme of works by Debussy, Ravel, Saint-Saëns and Fauré. With pianist Robert McDonald, cellist Moray Welsh and viola Paul Silverthorne; Sep 27

Royal Festival Hall
Tel: 44-171-928 8800
● BBC Symphony Orchestra: conducted by Andrew Davis in works by Webern, Berg and Schoenberg; with violin soloist Pierre Amoyal; Sep 26
● London Philharmonic Orchestra: conducted by Sir Roger Norrington in works by Beethoven, Schubert and Schumann; with baritone Matthias Görne; Sep 28
● Philharmonia Orchestra: conducted by Kurt Sanderling in works by Weber, Bruch and Beethoven; with violin soloist Sarah Chang; Sep 27

DANCE
Labatt's Apollo, Hammersmith
Tel: 44-171-416 6082
The Royal Ballet: Romeo and Juliet. New season opens with Kenneth MacMillan's first full-length ballet, set to Prokofiev's score; Sep 26, 27, 29, 30

Sadler's Wells at the Peacock Theatre Tel: 44-171-314 8800
Les Ballets Trockadero de Monte Carlo: return visit of the all-male company. Programme Two features Act Two from Giselle, The Dying Swan, Vivaldi Suite and Gaite Parisienne; Sep 26, 27, 28

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

■ MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Budapest Philharmonic Orchestra: conducted by Friedrich Haider in a programme including works by Saint-Saëns and Bernstein. With soprano Edita Gruberova; Sep 28
● Prague Chamber Orchestra: in works by Mozart, with baritone Thomas Quasthoff; Sep 30

OPERA
Bayerische Staatsoper
Tel: 49-89-2185 1920
● Aida: by Verdi. Conducted by Roberto Abbado and directed by David Pountney, with sets by Robert Israel; Sep 26
● Le Nozze de Figaro: by Mozart. Conducted by Peter Schneider in a staging by Dieter Dorn. Cast includes Amanda Roocroft and Alison Hagley; Sep 27, 30
● Peter Grimes: by Britten. Conducted by Jun Märkl in a staging by Tim Albery. Cast includes Philip Langridge; Sep 28

■ NEW YORK

EXHIBITION
Guggenheim Museum
Tel: 1-212-423 3500
Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career, in which photography and performance have been dominant themes. The exhibition begins at the Solomon R. Guggenheim Museum and continues at the Guggenheim Museum SoHo; to Jan 7. A special installation of The ¼ mile or 2 Furlong Piece is at Ace Gallery New York to Nov 9

OPERA
Metropolitan Opera, Lincoln Center Tel: 1-212-362 6000
● Ariadne auf Naxos: by Strauss. Revival of a production staged by Elijah Moshinsky, with designs by Michael Yeargan; Sep 27
● Carmen: by Bizet. Revival of a production by Franco Zeffirelli; Sep 27, 30
● Manon: by Massenet. Revival of a staging by Jean-Pierre Ponnelle; Sep 26
● Turandot: by Puccini. Revival of a staging by Franco Zeffirelli; Sep 29

New York State Theater
Tel: 1-212-870 5570
Macbeth: by Verdi. The New York City Opera season opens with this new production directed by Leon Major and donducted by George Manahan; Sep 26

■ PARIS

CONCERTS
Théâtre des Champs Elysées
Tel: 33-1-49525050
Cellist Sonia Wieder-Atherton and pianist Jean-Claude Pennetier perform works by Fauré, Beethoven and Brahms; Sep 28

DANCE
Théâtre des Champs Elysées
Tel: 33-1-49525050
Ballet National de Nancy et de Lorraine: Programme 1 – Including works by Balanchine and Kylian; Sep 26, 29. Programme 2 – Giselle, adapted by Pierre Lacotte; Sep 27, 28

OPERA
Opéra National de Paris, Opéra Bastille Tel: 33-1-44731300
Le Nozze di Figaro: by Mozart. Conducted by James Conlon in a staging by Giorgio Strehler. Cast includes Anthony Michaels-Moore and Barbara Bonney; Sep 27, 30

Opéra National de Paris, Palais Garnier Tel: 33-1-43439696
Pelléas et Mélisande: by Debussy. Conducted by James Conlon in a staging by Robert Wilson. Cast includes Dawn Upshaw; Sep 29

■ VENICE

EXHIBITIONS
Fondazione Giorgio Cini
Tel: 39-41-528 9900
Venice – from State to Myth: beginning with symbols of authority such as Carpaccio's great Winged Lion of St Mark and ranging across the centuries, this display concludes with several modern works; to Nov 30

Palazzo Grassi
Tel: 39-41-523 1680
German Expressionism: Art and Society. Kirchner is at the centre of this selection of works, dating from around 1910 to the mid-1920s. Other artists represented include Meidner and Marc; to Jan 11

■ TV AND RADIO

● **WORLD SERVICE**
BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV
Monday to Friday, Central European Time:

● **NBC/Super Channel**
07.00: *FT Business Morning*
10.00: *European Money Wheel*
Nonstop live coverage until 15.00 of European business and the financial markets.
17.30: *Financial Times Business Tonight*

● **CNBC**
08.30: *Squawk Box*
10.00: *European Money Wheel*
18.00: *Financial Times Business Tonight*

Philip Stephens

US eyes must open

Tony Blair will need Bill Clinton if Sinn Féin breaks its ceasefire before peace talks can succeed in Ulster

Tony Blair needs Bill Clinton. It's a curious fact. Mr Clinton drifts into the twilight years of his presidency hamstrung by a hostile Congress and besmirched by charges of personal misconduct. Mr Blair, pure as snow in his private life, governs without opposition. And yet it is the prime minister who must nurture the relationship.

The issue that binds the two men is Northern Ireland. Mr Clinton provides a vital point of pressure on Sinn Féin/IRA. And, if the republicans break their ceasefire regardless, Mr Blair will emerge unscathed from the recriminations only if the president stays on side.

This week saw a welcome breakthrough in the talks between the parties in Belfast. Most importantly, there was evidence of a new maturity among moderate unionists. David Trimble, the Ulster Unionist leader, conclnded that to deadlock the talks in protest at the IRA's inclusion would simply be to silence the voice of the peaceful majority.

But Mr Blair would be foolish to think a permanant settlement lies just beyond the horizon. The procedural document on the vexed issue of arms decommissioning, whicb will at last permit unionists and republicans to bargain across the same table, is masterly in its inexactitude. It is the latest of a dozen papers which, for the virtuous reason that anything is better than a resumption of the killings, chooses to defer a moment of reckoning.

Every scrap of intelligence, in Dublin as well as Belfast, confirms the uncertainty that shrouds republican intentions. The army and security services are far less sanguine than their political masters.

The neat division of the IRA's military commanders into hawks and doves is a convenient invention of journalists. In reality all shades of opinion, from the pragmatic to the psychopathic, are heard within the movement's inner councils.

Gerry Adams, the Sinn Féin president, adjusts the story for his audience. His booded friends are told not to worry, they can reach for their guns just as soon as he has outwitted the unionists. John Hume, the leader of moderate nationalism, is assured that the arms caches will stay safely buried beneath the bogs. Mr Adams is probably unwilling to admit even to himself that the only deal on offer through negotiation is the modernisation of partition.

What is clear, though, is that Mr Adams has sold the ceasefire to the IRA rank and file as a tactical manoeuvre. It is snbject to regular review. The best prognosis offered privately by ministers in London is that the longer Sinn Féin/IRA stays in the talks, the harder it will be for them to withdraw.

It is here that the White House comes in. Mr Clinton's role in the peace process has long been apparent. It finds visible expression in George Mitchell, the former US senator who acts as independent chairman of the talks. Beyond that, the US administration presents itself as a concerned observer and occasional referee.

> US interventions have not always been so helpful. When Mr Clinton gave Mr Adams his first visa in 1994, Mr Major's government was outraged

The involvement, though, runs mnch deeper. Thus tha latest ceasefire was concluded only after Mr Adams had sought, and received, several assurances from the White Housa. Tha most obvious was that he would be again permitted a visa to enter the US to raise much-needed funds.

Bnt there were other unwritten understandings, brokered by Bruce Morrison, a leading member of the Irish-American community. Mr Adams wanted guarantees that the ceasefire would be followed by his admission into substantive talks; and extradition proceedings in the US against six republican terrorists were also to be dropped. The assurances given, the ceasefire was called.

Mr Clinton was also prepared to wield a stick on Mr Blair's behalf. After one frustrating encounter with Mr Adams, British officials complained directly to the Americans. A phone call from Washington to Sinn Féin/IRA headqnarters in Belfast quickly followed. So too did a lengthy letter from Mr Adams softening his previous position.

The interventions have not always been so belpful. When Mr Clinton gave Mr Adams his first visa in the spring of 1994, even before the first IRA ceasefire, John Major's government was outraged. Incredibly, Britain's grand embassy in Washington had failed to make the simplest calculation. As one senior US official later admitted, Mr Clinton's supporters in Congress needed Irish-American votes, it was as simple as that. Henceforth, we knew where White House sympathies lay.

The US view, though, is not monolithic. The State Department, the Justice Department and the FBI at different times have all opposed Mr Clinton. Bill Crowe, lately US ambassador in London, never bothered to disguise a deep disdain for Mr Adams.

The significant point, though, is the reliance of republicanism on its friends in tha US. In that respect, little has changed since the first Armalites were smuggled across the Atlantic during the early 1970s. Countless millions of dollars have been raised for the "cause". Bnt, above all, a sympathetic hearing in Washington offars the veneer of respectability that supposedly separates terrorists from freedom-fighters.

This gives Mr Clinton great leverage over Sinn Féin/IRA. Mr Adams has something tangible to lose. So far, the president has used this influence wholeheartedly on Mr Blair's behalf. Partly because he trusts him more than he did Mr Major, partly because his own triumphant procession through Belfast in the autumn of 1995 turned to dust when the IRA bombers returned soon afterwards.

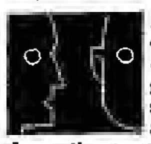
The test, though, will come if history repeats itself. Another broken ceasefire would leave Mr Blair badly exposed to the charge of treating with terrorists. And here lies a central purpose of the concessions made in recent months – to persuade even the most misty eyed of Irish-Americans that any obstacles placed in the way of peace have bean pnt there by republicans.

Moderate unionism seems at last to be beginning to grasp this strategy. Mr Blair, I am sure, is genuine in his hopes for a lasting peace. He is also the sort of politician who looks for an exit strategy. If the present effort fails, the vital consolation prize would be the opening of American eyes to the violent realities of Irish republicanism. For that, Mr Blair needs Mr Clinton.

The FT Interview · Ulrich Hartmann

German gridlock

The chairman of Veba tells Ralph Atkins what is driving his company overseas



A select band of German corporate giants, constrained by a slnggish domestic economy and political gridlock, is leading a charge on international markets. Veba, Germany's fourth largest industrial group and one of the world's biggest power utilities, is the latest.

On October 8, Veba will follow Daimler-Benz, Deutsche Telekom and others by listing its shares on the New York Stock Exchange.

"The economic growth we need won't be found in Germany at the moment – but instead overseas in tha Anglo-Saxon world and also in Asia," says Ulrich Hartmann, Veba chairman, in an interview before the start of an all-dancing US roadshow. "We need economic growth areas. That is why we're looking overseas. The listing is a symbol, a signal of that."

Veba is hardly turning its back on Germany, which accounted for 70 per cent of its sales last year. Nor is it seeking for the moment to raise capital in the US, although it does expact increased US demand to lift its shares.

Instead, the listing illustrates tha widespread decoupling of German commercial interests from domestic politics; the breaking down of the strong affinity that explained much of the country's postwar economic success.

Although its profile is low, tha financially strong, widaly diversified Veba group is as much part of Germany as any institution. Its interests span electricity generation, chemicals, the oil industry, as well as transport and trading services. Veba runs nuclear power stations and specialises in silicon wafers for semiconductors. Together with RWE, the Essen-based power utility, it is building a fixed and mobile telecommunications business to challenge that of Deutsche Telekom. Last year Veba's turnover reached DM75bn ($42bn). Its assets were valued at almost as much.

In his ninth-floor office overlooking the Rhine, Mr Hartmann, 59, bewails Bonn's political logjam. This "gridlock" has been caused by the blocking tactics of the opposition Social Democratic party in the Bundesrat, the second chamber of parliament, and is compounded by the waning influence of Helmut Kohl, the chancellor. Among the casualties have been sweeping tax and pension reforms – and ultimately corporate faith in the postwar political system.

Ulrich Hartmann: 'We need economic growth areas' J.H. Darchinger

"A single company, long uncoupled from these developments, goes this way it must go," says Mr Hartmann. "Nobody in Germany can stop that... People will say you are unpatriotic. But nobody can stop a company developing internationally."

He believes the causes of Germany's political malaise are long established. "Ever higher wages, ever higher social costs, social services have become ever better. Tha warnings have been there for a long time," Mr Hartmann says.

What can be done? Unlike Bonn politicians, Mr Hartmann does not cite the planned euro currency. Ha snpports monetary union because it lowers the costs of condncting business. "But for our other problams – unemployment, the excessive taxes we pay, high non-wage labour costs – these will not be changed by the euro," he says.

Instead, Mr Hartmann argues, the solntion lies within Germany. "Is it right thet we have a second chamber of parliament, a chamber of the states, that can block federal politics in this way? Do we need 16 federal states in a country as small as Germany? Isn't that crazy?" he asks. "But none of these changes will come. We can't assume that we would get a majority for constitutional change."

A more realistic way of breaking the political logjam, he says, is a "grand coalition" in Bonn. "The Christian Democratic Union [of Mr Kohl] and the SPD should come together and say: 'We are going to make changes'... There are lots of representatives of industry that would welcome such a solution."

But Veba is not banking on early change. It is taking unilateral action. The US, which accounted for 10 per cent of sales last year, is its current focus; some DM4bn has been earmarked for developing US businesses over the next five years, excluding possible big acquisitions.

Electronics components distribution has already been boosted with tbs $632m acquisition in July of California-based Wyle Electronics. A US partner is expected to be lined up before the end of the year to give telecommunications expansioo international flair. In chemicals and transport or service businesses, Veba is also hoping to expand its Asian operations. In electricity, east Europe could be a likely target.

The US listing brings not just a local presence. Mr Hartmann expects a cultural change at Veba. "The claims and requirements that we must fulfil to be listed in New York naturally mould our whole lives and work here in Düsseldorf," he says. "It is a completely different relationship to business and transparency."

Veba has had to prepare hard for New York. German companies taking the US plunge have not had a consistent repntstion. Daimler-Benz, which listed in 1993, created distrust with its switch to US accounting standards. A month before its debut, the automotive and aerospace company published results showing a half-year profit of DM168m on German standards – and a DM949m loss under US conventions.

Veba has used US Generally Accepted Accounting Principles since its 1995 annual results, gradually bringing the figures in line with German standards. The bottom line differences "are completely insignificant", says Mr Hartmann.

He is not expecting US pressure to spin off parts of the business. "We have had to tell investors that a conglomerate, a German conglomerate, can be a good thing. And when I think that we have 12 per cent US shareholders, we have [already] been successful in convincing them."

Personal View · André Lévy-Lang

Who needs bankers?

Technological change could cast a deep shadow over bankers' urge to merge

"*The world needs banking, not bankers.*" When Bill Gates, the fonnder of Microsoft, makes this kind of statement, he commands attention. Attention is all the more urgent when two mergers – this week's $9bn deal between Travelers and Salomon and last month's $15bn takeover of Barnett Banks by NationsBank – point towards the rise of global financial institutions. Bankers themselves often act on the belief that 10 universal banks will soon dominate the global financial market.

But the tremendous progress in communications and computing, the development of the internet, and the continuing rednction in the cost of electronic hardware will lead to a substantial transfer of demand for banking services away from traditional banks to technology-based suppliers.

Over the past 20 years, employment in banking has declined in many developed countries, at least for the traditional, branch-based retail bank. In certain European countries, notably France, this decline did not take place, as retail banks were able to increase the volume and the pricing of their services and thus remain modestly profitable.

This will change with the advant of tbe single currency, which will snbstantially increase the level of competition in retail banking in Europe, but thet is another story. The information technology revolntion changes the conditions in which banks operate.

This is because the raw material of banking is not money alone but the combination of money and information. The information revolution brings to bank customers, both retail and wholesale, low-cost access to large volumes of data on the snpply and damand for capital and for banking services.

Already many financial services can be offered by non-banks. Two very visibla non-bank examples are General Electric and Fidelity, respectively a big lender and a big fund manager. Market data suppliers snch as Reuters or Bloomberg are moving towards the execution of transactions between subscribers. Discover is managing millions of credit cards outside tbe banking system.

More importantly, the internet creates opportunities for a large number of new suppliers of financial services to enter the market. There is a parallel between the development of these new services and that of credit cards several decades ago. In both cases, the question of fraud and of security of transactions is raised.

But there are two differences between the internet and the start-up of credit cards, which will speed up the development of financial services on the internet.

The smart card, for which international standards are being established, brings a new dimension to the range of services whicb can be handled and to the security of transactions. In addition, tbe world wide web gives new entrants immediate access to an installed base of millions of potential customers. So the development of new services, both retail and wholesale, based on real-time access to information at a very low cost through the internet can be mnch faster than the development of credit cards.

Are there any fundamental reasons why banks should remain the exclusive suppliers of certain financial services? And to what extent should the development of new services be regulated by monetary authorities? There are only two reasons for a specific regulation of financial services:

- The safety of depositors is a public good which justifies specific regulations for deposit-taking institutions.
- Ths extension of credit and most monetary transactions have an impact on the monay supply. Central banks and treasuries, which are responsible for monetary policy, have therefore regulated the activities involved to the creation of money.

These two motives for regulation no longer justify the existence of banks in their present form, and even less that of universal banks which offer a complete range of financial services. The universal bank must now justify itself beyond the monopoly it used to have in a regulated environment.

Universal banks have grown from a regulated franchise giving them the exclnsive right to manage checking accounts and now offer a whole range of services for which economies of scope are often used to cross-subsidise financial products.

"Breaking up the bank" – in other words separating the deposit-taking function from other banking activities – would probably result in a more efficient system for the distribution of financial services, and in a lower social cost for the protection of depositors by avoiding the big banking failures which periodically require huge bailouts from taxpayers.

Lévy-Lang: 'a new game'

Bill Gates's prophecy sounds a warning for all those who still believe that banking is a unique business, aotitled to public support and protection by the state. It is also a warning for believers in the current conventional banking wisdom that a few universal banks will soon dominate the global finances.

This new conventional wisdom is as dangerous as that of the 1970s, which said tbat a sovereign country cannot default, or that of the 1980s that real estate values will never collapse. Yet this view is still held by many, as evinced by recent mergers. The belief in the value of gigantism may cost soma banks as much as did the previous conventional banking wisdoms.

The future growth of financial services will not take place in traditional universal banks. The future is in highly focused specialisation of supply, combined with excellence in mastering information technology.

The technical and commercial challenge for banks lies in bringing together the narrow bandwidth, universal access networks such as the internet and the specialised networks that financial institutions use to carry data and transactions. This requires not only technical knowhow in communications and finance, but also marketing savvy and the ability to analyse, underwrite and monitor risk.

One of the indirect consequences of technology is that in many cases (again contrary to conventional wisdom), technology lowers the amount of capital required to cover risk and can also reduce the cost of entry. This is especially true for retail banking, if only because it eliminates the need for large numbers of brick and mortar branches. It also changes the rules in marketing just as, in warfare, technology led to the replacement of the carpet bombing of the second world war by the intelligent missiles of the Gulf war.

There is, tberefore, a future for a new type of banker. Specialised players with good control of technology in distribution will create value as long as they also know how to take financial risks in specific sectors and optimise the use of capital. There will also be the need for investment banks that combine global knowledge of specific industrial sectors with the ability to commit capital to take financial risks.

The winners in this game will not necessarily all be banks, and not all present banks will be players in the new game. Banking will have to play by the same rules as industry, and bankers will have to submit to the iron rula of business – there cannot be consistent profits unless there is a creation of value for customers.

The author is chairman of Paribas

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44-171-873 5938 (please set fax to 'fine'), e.mail: letters.editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

EU has adopted right approach on food safety standards

From Ms Sheila McKechnie.

Sir, Your editorial "Food safety" (September 22) contains a number of contradictions. On the one hand you say "consumers have good reason to question official pronouncements on food safety", and on the other, "public concern stems from ignorance, prejudice or misconceptions". Your solution is that science provides unequivocal answers to issues of food safety. Not so.

Consumers have lost faith in the institutions set up to protect their safety, both in the UK and in the rest of Europe. The EU is trying to put this right, as is the UK government, with proposals for a food standards agency. Trust will be restored when such institutions are seen to be free of industry dominance and when all evidence and assessment is transparent and subject to peer group review.

However, wa cannot presume thet risk assessment of new foods is straightforward. The challenge today is often to predict the unintended consequences of technological change and much of the debate about genetically modified food centres on this issue.

Assessment of risk in such circumstances is often problematic and controversial. A balance between the promotion of public health and industry pressure to create new products is a proper role for government. To denigrate the EU stand as pandering to public concern is seriously to misunderstand the current debate both in the UK and in the rest of Europe.

Sheila McKechnie,
director,
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High tax-take equals higher prosperity

From Mr Walter Stanners.

Sir, Philip Stephens, in his article "Cast of outcasts" (September 19), says that "by and large, electorates across the western world do not want big government".

I am not sure what is meant by this, but generally, advocates of "smaller government" are those advocating lower taxes. Stephens reflects this perhaps when he adds that "people may have come to accept that the state can no longer be quite so munificent". Well, those remarks may be current in the popular story, but is there any evidence for them?

The latest statistics from the European Commission show that the tax-take (including social contributions) of the 15 countries of the European Union – a sizeable portion of the western world – rose by 3.7 percentage points of gross domestic product between 1980 and 1996. There was a plateau from 1983 to 1990, but the upward trend has resumed quite strongly. The only country recording a fall was Luxembourg. Countries which did not have quite high increases are confined to the UK, Ireland, the Netherlands and, oddly enough, Germany.

In addition, graphs included in this compilation seem to indicate quite clearly that countries with the highest tax-takes (as a percentage of GDP) are the most prosperous, and that growth rate over the period was more or less independent of tax level.

Walter Stanners,
49b Fen End,
Over,
Cambridge CB4 5NE, UK

Front line in a business relationship

From Ms Cecily Sharp-Whitehill.

Sir, Re your article, "Bad line on behaviour" (August 28), as a telephone communications adviser, I find two erroneous assumptions at work in many human resource/personnel departments with responsibility for hiring and/or training personnel to answer business telephones: "Surely, almost anyone who can speak qualifies to answer the telephone," and, "Such an 'ordinary' task can't require much beyond a minimum wage."

Customers remind us that telephones are frequently the front line of contact with a business. Wa know that within the first ten seconds of verbal contact the customer will decide whether competence, concern, knowledge, plus a desire to help him/her are evident. We know that these qualities are as "visible" in a voice as are the proper/improper clothing worn within an office.

Requiring "staff to answer the telephone with a formal greeting", or "giv[ing] their own names when they answer the telephone" are not enough; the right words may indeed be uttered, but customer reluctance, despair, and rage will set in if the tones are wrong. The message is not merely words; it is also the "package" in which the words are "wrapped".

Within 60 seconds a customer will have decided that the business he has contacted can satisfactorily address his concern – or cannot. Thus the fate of a business relationship is often sealed within the first minute.

Cecily Sharp-Whitehill,
TeleCompetence, Inc.,
Annapolis, Maryland US

Hardly a privilege

From Mrs Anne Lonsdale.

Sir, As president of New Hall, Cambridge, a college for women founded in 1954, I was struck by the front page reference to "special financial privileges" for Oxbridge ("Oxford may lose financial privileges", September 25). For us the college fee goes on essentials not privileges. The salary scale for college lecturers at New Hall stops at £22,785 pa, yet many of these people are world class academics.

The money we received from the government-funded college fee in 1996-7 was £915,760, 31 per cent of our annual turnover of £2.9m. This year we will just break even on the annual account as we have put off to another year a major roof repair programme to keep the rain out. The privilege for many of us in Cambridge is not financial; it is being among people who work so hard and care so much about higher education.

Anne Lonsdale,
president,
New Hall,
Cambridge CB3 0DF, UK

Outfoxed

From Mr T.D. Jenkins.

Sir, I would like to thank Robin Lane Fox ("The hunted and the hunter", September 20-21) for clarifying an item that has troubled me for some time: I thought that if fox hunting was abolished the hounds would have to be destroyed – he specifically states that "... if hunting is banned, foreigners will buy up the finest stock of hounds in the world, unabla to believe that any country would want..."

I can now continue my anti-hunting campaign without any guilt regarding the poor hounds – they can now continue a healthy existence on some other terrain!

T.D. Jenkins,
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COMMENT & ANALYSIS

FINANCIAL TIMES

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A chance for Solidarity

The message from Poland'a weekend election is clear. Voters are ready to give the anti-communist Solidarity movement another chance to govern. Official results confirm that the AWS, the electoral alliance put together by Marian Krzaklewski, leader of the Solidarity trade union, gained over a third of the votes and pushed the former communist Democratic Left Alliance (SLD) off its pedestal as the biggest party.

Voters also gave strong support to the pro-business Freedom Union, led hy Leszek Balcerowicz, and deserted the SLD's former coalition allies, the farmers' party. This ended the SLD's hopes of staying in power, and has made the Freedom Union the key to forming a new coalition.

The voters bave done their bit to create the preconditions for a peaceful and orderly transfer of power. Now comes the difficult part. For beneath the superficial unity required to win the election the Solidarity alliance remains a broad church. Keeping the AWS together and pointing in the same direction will not be easy. Forging a workable coalition between the AWS and the Freedom Union will be no easier.

The AWS is powerfully conditioned hy its working class base and close links with the Polish Catholic church, and the Polish pope in Rome. The Freedom Union is more secular and Mr Balcerowicz has positioned it as the party of the entrepreneurial middle class and the aspirant young.

Sacrifices will bava to be made if a workable coalition capable of leading Poland into Nato and the European Union is to be created from this poteotially fractious material.

The AWS gained more than twice the votes of the Freedom Union, and will be the senior partner. But the Freedom Union brings greater intellectual firepower and competence to the proposed marriage. The distribution of portfolios should be based on ability, not on a rigid formula based on relative voting strength.

The fears of AWS supporters in the mines and heavy industries that faster reform will be at their expense are legitimate. But tbey must be tackled through reforms to the social security, pension, education and retraining systems if the Solidarity parties are to put together a genuine modernising government.

The SLD has promised to provide an informed and constructive opposition. This ensures that if the Solidarity parties do not create an effective coalition they will be relegated again at the next election. That is what democracy is all about. Poles are to be congratulated for getting so good at it.

French budget

At least in the sbort term, it is more important for a finance minister to be lucky than wise. Dominique Strauss-Kahn is very lucky indeed. His job in presenting his first French bndget was to promise a deficit in line with Maastricht treaty requirements, along with protection of priority public spending and lower unemployment. It looks as though the return to economic growth might allow him to pull the comhination off.

The last time France enjoyed a sustained period of reasonably rapid economic growth was the late 1980s. Now the finance ministry foresees annual growth at around 3 per cent for several years. It might be right. In its latest World Economic Outlook, the International Monetary Fund agrees about next year.

Government expenditure is expected to rise by 1.4 per cent, only in line with inflation. This looks optimistic. But if it were achieved, it would mean a declina in the ratio of public spending to GDP. Meanwhile, cuts in spending on defence are to help finance spending on the government's job measures.

The government also plans to raise FFr14bn ($2.4bn) in new tax measures – FFr9hn from companies and FFr5hn from households. But this amounts to less than 0.2 per cent of GDP. Since the government already absorbs half of what the French earn, they may hardly notica the little hit of extra tax.

The outcome of this modest tinkering is a general government fiscal deficit of 3.1 per cent of GDP this year and 3.0 in 1998. This wonld take France into economic and monetary union, particularly since the ratio of public debt to GDP remains comfortably below 60 per cent.

One important question is whether the fiscal position is credible. The immediate doubt concerns the government'a ability to achieve zero real growth in spending next year. In the longer term, France is committed to bringing its deficit down to 1 per cent of GDP under the growth and stability pact. Since the IMF believes the structural deficit is already close to that level, the government would achieve the target when excess capacity is used up, provided it avoids new spending, unmatched by extra taxes, or tax rednctions, unmatched by cuts in spending.

Employment is a still higger concern. This government was elected on the implicit assumption that French unemployment can be sharply reduced hy recovery, without substantial structural reform. Should this assumption turn out to be wrong, even sustained growth will add only modestly to the number of those in work. For all its early luck, the government will then end up as unpopular as its predecessors.

University fees

The UK government is getting itself into a mess over the funding of higher education.

First it says that students will be charged £1,000 a year fees. A loan scheme will help them pay, but universities will be forbidden to levy additional or "top-up" fees. Now it is considering a proposal to withdraw the special axtra government money paid to Oxford and Cambridge.

There may be a case for giving all universities the sama sum, per student, of government support for teaching; but there is none for trying to make such different institutions all equal either in standards or in funding requirements.

Oxbridge costs more because individual tutoring is expensive. But this system, whatever its imperfectiona, is widaly admired and has an important place within a diverse higher education system.

If Oxford and Cambridge are to suffer a further reduction in state funding, they should be allowed to raise additional funds from those students who are prepared to pay for a traditional style of teaching. But if the older universities are given freedom to charge a "market rate", the same freedom must clearly be given to others. And once the general principle is conceded, tuition fees charged to students will inevitably move closer to the average full cost, now about £4,000 a year.

This wnuld be politically unpopular. But it would help to liberate the institutions from the dead hand of direct state funding, which seems in recent years to have coma to life only when squeezing them.

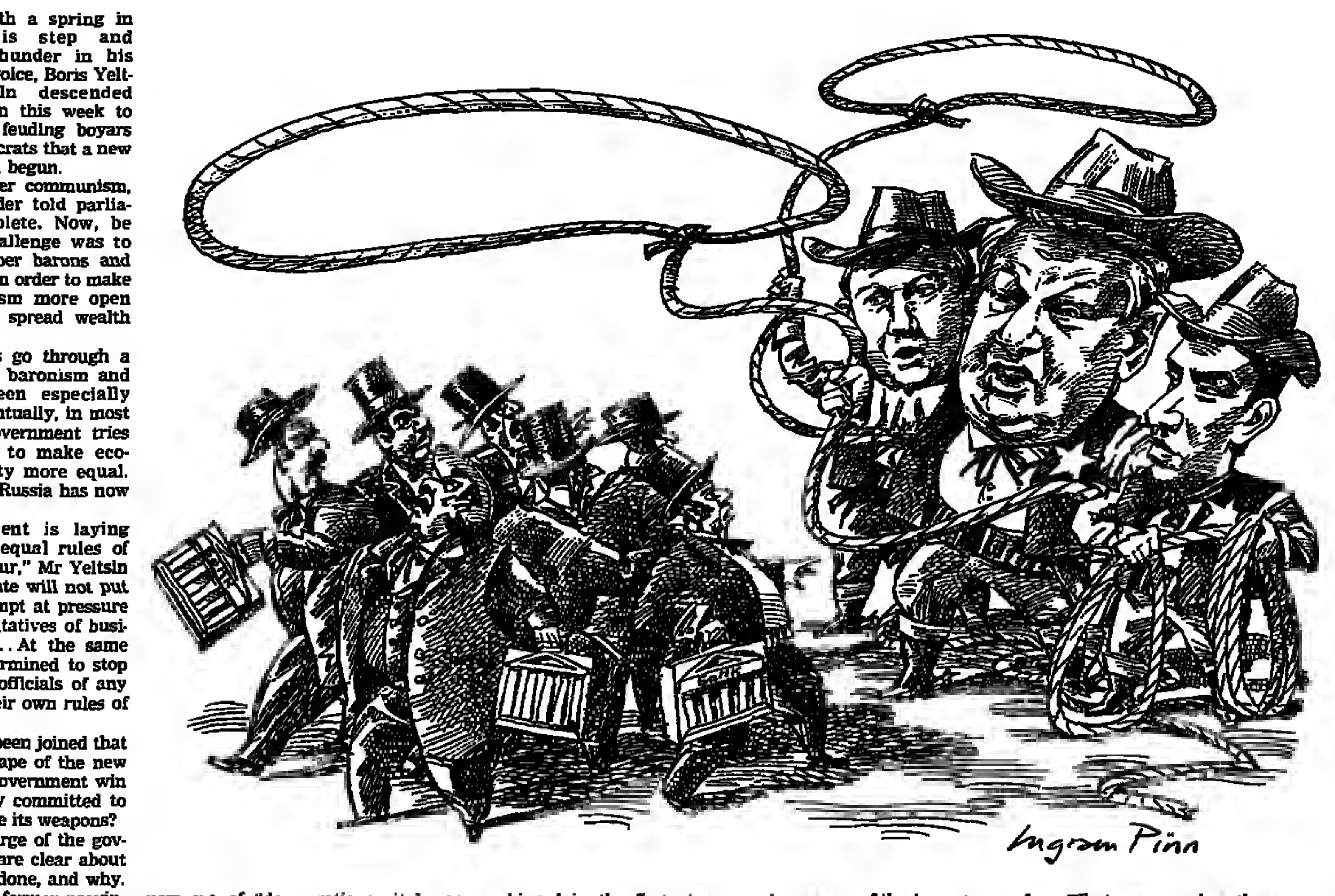
It would also create a more responsiva market in higher education, which is essential if ways are to be found of accommodating the inexorahie increasa in studant numbers from the present 30 per cent of each national year-group to perhaps 40-50 per cent in a decada or so. Institutions competing in an open market might, for example, find many more imaginative ways of combining residantial courses with distance learning like that provided by the Open University.

A free market would create difficulties, notably for the control of public spending on the loan scheme and for maintaining opportunities for students from poor homes. But as Sir Ron Dearing's report into higher education pointed out this summer, neither problem is insoluble. Government and university scholarships could be established. Regulation and the terms of loan schemes could be used to control overall costs.

By accepting the principle of student fees, the government has taken a timid step in tha right direction. It now needs to stride further. Universities cannot effectively meet ever-increasing demand while being starved of public funds. Those that can must pay, and all should know the price.

Russia's cowboy capitalists

Chrystia Freeland and **John Thornhill** look at Boris Yeltsin's pledge to clean up business and the economy



With a spring in bis step and thunder in bis voice, Boris Yeltsin descended from the Kremlin this week to proclaim to his feuding boyars and venal hureaucrats that a new economic era bad begun.

The victory over communism, the Russian leader told parliament, was complete. Now, be declared, the cballenge was to take on the robber barons and crooked officials in order to make Russian capitalism more open and fair, and to spread wealth around.

Many countries go through a period of robber baronism and Russia's bas been especially ostentatious. Eventually, in most countries, the government tries to impose rules to make economic opportunity more equal. That is the point Russia has now reached.

"The government is laying down clear and equal rules of economic behaviour," Mr Yeltsin declared. "The state will not put up with any attempt at pressure from the representatives of business and banks ... At the same time, we are determined to stop any attempts by officials of any rank to set up their own rules of the game."

So a battle has been joined that will define the shape of the new Russia. Can the government win it? Is it even fully committed to the fight? What are its weapons?

The men in charge of the government's efforts are clear about what needs to be done, and why. Boris Nemtsov, a former provincial governor who joined the cabinet In March, describes the country's nascent economic order as "bandit capitalism" – one dominated, at the top, hy oligarchs with an inside track to the government and, in the provinces, by smaller financial empires dependent on local hureaucrats who distribute official favours.

Backed by the president and in tandem with Anatoly Chuhais, the other leading cabinet reformer, Mr Nemtsov has made it his mission to restraln the "bandits" and open up the economy.

"Russia now has to choose one of two ways – bandit capitalism or democratic, peoples' capitalism," Mr Nemtsov argues in an interview. "Our purpose is to create a middle class. We understand that if there is no competition in the country there will be very big differences between the poorest and richest parts of tha population. Only competition can reduce the incomes of the monopolists and increase the incomes of the rest of the country."

A test of the government's resolve – and an indicator of its success or failure – is foreign investment. Investors remain wary of Russia because they think insiders are favoured hy officials and that legal and judicial guarantees are weak. Although portfolio investment is booming, drawn to the stellar performance of the Russian stock market (which has risen 180 per cent this year), direct investment is dismally low. Last year Peru attracted more.

Now, however, a few investors are starting to move in. One example is Fiat's advanced negotiations in a $850m joint-venture with Russian carmaker GAZ. Russian leaders are boping the new era of "democratic capitalism" will transform this investment trickle into a flood.

"In sectors where there is competition there will be no limitations for foreigners," says Mr Nemtsov. "No limitations ... The oil sector is one of the most competitive in the country. That is why I think that participation of foreigners will lead only to more efficient business."

All the same, the government faces a daunting set of obstacles. Not the least of them is its own lack of credibility.

Like Dr Frankenstein, Mr Yeltein is trying to kill a monster he himself created, albeit with good intentions, which is now running amok. The connection between the government and the tycoons is clear and close. Last year, in a Kremlin meeting, a handful of the country's most powerful magnates met Mr Yeltsin to pledge their support in his election battle against the communists. By means foul and fair big husiness bankrolled the president's triumph. In exchange, pro-Yeltsin financiers were rewarded by rigged privatisations of Russia's most precious assets at knockdown prices. The government also parks its money in certain favoured banks, which may then invest the casb – an immensely lucrative privilege.

In their own defence, the architecta of Russian economic reforms argue that the turhulence of the past five years left them no alternative but to encourage and befriend business magnates.

"Our first task was to create a working market economy," says Yegor Gaidar, the former prime minister and intellectual mastermind of Russia's free-market transformation. "The second task, in 1996, was to prevent the communists from undoing what was achieved in the first stage. To ensure these goals, we went into a very broad coalition with people who did not share our perspectives for the longer-term goals."

In carrying ont its third task, that of striking against its anti-communist business allies once victory was secure, the Kremlin is working in the finest traditions of Russian political intrigue. The drawback is that voters, and the magnates, are sceptical of the government's newfound determination to play fair.

"Chubais's big prohlem is that, even though it is possible to imagina that he wants to play a fair game with new rules, after all that has happened no one believes him," says Grigory Yavlinksy, leader of the liberal opposition Yabloko party.

Even the reformers concede that the country's magnates are suspicious of the government's motives. As Mr Nemtsov puts it: "Some of them are afraid that instead of tbe *seven-bankirshchina* [the reign of the seven banks], there will be a *one-bankirshchino*." He is referring to Vladimir Potanin, the head of Oneximbank, which won control of the world's largest nickel mine in the pre-election knockdown privatisations and triumphed in a controversial telecoms privatisation this summer.

This allegation is at the heart of a war within the cosy world of Russian big business, wbich poses the main threat to Mr Yeltsin's attempt to create new rules for the economy.

As one of the seven magnates argued recently, leaning over a private dining table festooned with caviar and replenished by a leggy waitress in the scantiest of skirts: "Together with Potanin, Chubais is trying to build a dictatorship. He is a Bolshevik."

A measure of the importance of these political intrigues was Mr Yeltsin's decision to summon the feuding bankers to the Kremlin earlier this month, the first such gathering since they met to seal their pre-election pact.

Publicly, Mr Yeltsin hailed the audience as a turning point that would end the bankers' internal wars and their battle with the government. But the next day the struggle resumed, alheit more discreetly.

Against this turbulent backdrop, Mr Yeltsin must do at least three things if he is to win his fight with the hanking elite.

First, the Kremlin needs to persuade doubting citizens of its commitment to establish a level playing field. One measure that would do wonders for the government's credibility would be to act on its promise to transfer some of Its multi-million dollar accounts out of private banks, with the lion's share at Oneximbank, to a national treasury system. Mr Chubais promised to do so hy September 18, but the switchover has now been delayed to the end of the year.

Equally important are the four big privatisations planned for later this year. The fairness of these sell-offs, which would be greatly enhanced if foreigners could comete in them on equal terms (as promised by Mr Nemtsov), will be a test of the Kremlin's determination.

A final step is a crackdown on the state's own corrupt practices. Mr Yeltsin has promised zero tolerance for sleaze within his entourage and is seeking to make an example of a mob-run town in Siberia. That, to cynical Russian voters, may not be enough. They have heard it all before.

What weapons does the government have in its hattle? The most important one is Russia's nascent middle class. They would he likely to support the president if he can convince a doubting nation that he is genuine in his efforts to create "people'e capitalism".

He could turn to people like Kakha Bendukidze, a hiologist-turned-entrepreneur whose company has done fabulously well in Russia's market transformation but which has been excluded from the richest perks offered to the *seven-bankirshchina*. "I do not doubt that the hankers do not love Chubais and that they will try to remove him," says Mr Bendukidze. "But I do not think they will succeed. There is a mass of very rich people who hate the seven-bankirshchina. If Chubais can find a way of forming an alliance with them, then he can kiss the hig bankers goodhye."

Backed by the country's medium-sized businesses, and holding out the promise of unlocking a flood of desperately needed foreign investment, the cabinet reformers have powerful weapons in their struggle to become the law-making sheriffs of Russia's "bandit" economy.

Above all, their succees depends on just one thing: the whims of the notoriously fickle Mr Yeltsin. Having beaten the communists and triumphed over his own weak flesh, Mr Yeltsin has grown into a leader of nearly tsarist authority.

For now, Boris the First, as the president once jestingly crowned himself, is siding with his reformist princes. But the financial boyars are still vigorously fighting for his favour. More than anything else, it is this very personal battle that will determine the future shape of Russia's still unruly capitalism.

· OBSERVER ·

Pay packet on the line

■ OK, so you run a cyclical business and you've cut costs to the point where you're sure the bottom line in future downturns will be just fine and dandy. The trouble is that no-one quite believes you, so what do yon do to convince the stock market that things have changed?

William Joyce, chairman and chief executive of Union Carbide, has come up with a novel answer. He says the company is committed to earning $4 a share in 1999 and 2000, which could be trough years in the chemicals industry. If it falls short of that target in 2000, he'll forfeit a full year's basic salary – which ran at a touch over $737,000 in 1996 – and 16 other senior executives will give up 65 per cent of theirs.

This is sporty stuff for a company which doesn't exactly have a racy image. Joyce himself is more a solid citizen than a high roller: aged 61, he has been a Carbider for 40 years.

If he fails to meet the target, though, he won't be out rattling a tin cup. His variable compensation last year exceeded $1m; and he has lots of options to keep the wolf from the door. Carbide isn't saying what the kicker will be if the target is beaten, but it could be up to five times the amount he's placing at risk. At least he's putting his money where his mouth is.

Spice wracked

■ Former truck driver Graeme Hart has climbed into the cab of Burns Philp, just as the wheels seem to be coming off the Australian food ingredients company. The pugnacious New Zealand entrepreneur took a big paper loss yesterday when the price of shares in the world'a biggest producer of fresh baker's yeast – in which he controls 19.9 per cent – fell by more than half.

Burns Philp might have looked a tempting takeover target in July after it extricated itself from a long-running legal action. But the costs of taking on the mighty McCormick and Co of the US in the berbs and spice market were already becoming clear at the company's Bridge Street, Sydney, headquarters.

Last week it reported large losses; this week it wrote down the valne of its North American and European herb and spice assets – which it wants to sell – by A$700m to A$150m and Hart moved in as deputy chairman. It can't have been what he had in mind when he went looking for new ventures after last year's sale of his Whitcoulls Group to Blue Star.

It all adds to the pressure on chairman Alan McGregor, who's shaken up top management since he joined in April, bringing in Tom Degnan from Milwaukee-based Universal Foods as chief executive.

Burns Philp has rarely seen such turbulent times since it started out as a Pacific islands trader in 1883. Herbal expansion hasn't been such a sage investment.

New deal

■ Downing street is planning for the next hand of the poker game over top jobs in the Brussels Eurocracy.

The Brits had a good first round, getting a promise of two director-generalships – environment and aid – to compensate for the retirement of Commission secretary general David Williamson. Next up is either competition or trade, both of which have wida legal and policy-making powers.

Hans Beseler, the German director general at trade, is approaching retirement. Alex Schaub, the German at competition, seems the obvious successor, but if ha stayed put UK premier Tony Blair could gun for trade, keeping the flag flying beyond UK commissioner Sir Leon Brittan's expected departure in January 2000.

Sir Leon had wanted Britain to insist on either trade or competition on top of the two posts in the bag, but the other UK commissioner Neil Kinnock persuaded Blair to "lock in" a deal while it was on the table. Insiders see the incident as further avidence that, brilliant though Sir Leon is on the international stage, he tends to overbid in internal negotiations.

Widow's pique

■ Times are hard for Dimitra, widow of former Greek prime minister Andreas Papandreou. Since his death last year, the former Olympic Airways stewardess has been getting a modest monthly pension of only Dr454,000 ($1,600). What's more, she's had to share it with Papandreou's illegitimate daughter by a Swedish television personality: Greek law gives unmarried daughters a slice of their father's pension.

Shunned by the new leaders of Pasok, the Socialist party her husband founded, Dimitra shnt herself up in the "pink villa" – the luxury mansion Papandreou built for her – to pen an inside account of his last years in power. The 400-page volume, to be published next month, shows every sign of becoming a best seller. Snippets published in a Greek newspaper suggest that Dimitra has made free use of Papandreou's private papers. The book, she promises, "speaks frankly of everything."

The Financial Times

50 years ago

Action By U.S. Urged
Washington, 25th Sept. President Truman is to seek "immediate action" on Europe'a emergency needs. At a Press Conference in Washington to-day ha said: "Certain problems have arisen in connection with the economic situation in Europe that are of such urgent nature that their solution cannot await the careful study required for overall decisions, which will be based on reports. "These problems are of an emergency nature, which demand immediate attention," the president said. "For this reason I have requested a group of Congressional leaders to meet with me on Monday to discuss plans for determining action to be taken by the U.S. to aid in preserving stability and promoting the recovery of nations which participated in tha Paris conference."

Egypt May Rejoin Sterling Area
Cairo, 25th Sept. Badr Pasha, Egyptian Foreign Minister, commenting on Press reports that Egypt could not afford to remain outside the sterling area, declared that "Egypt might re-enter the sterling area if she cannot obtain sufficient dollars under the present regime." Much depended on the outcome of current financial talks with Britain, he said.

FINANCIAL TIMES
Friday September 26 1997

Long-term bond yields hit record low in Japan

By Gillian Tett in Tokyo and Simon Davies in London

Long-term bond yields fell to a record low in Japan yesterday amid renewed fears about the direction of the world's secood largest economy.

The yield on the benchmark Japanese government long bond fell below 1.9 per cent for the first time to close at 1.88 per cent, sharply down from the levels seen earlier this summer. Yields edged further downwards in London trading.

The fall brings Japan very close to setting a historical world record. The only time long-term yields have ever been lower was in the US in 1941 when long-term yields fell to 1.85 per cent.

Traders yesterday predicted the yield on the 1982 bond, which matures in September 2005 and serves as a long-term benchmark, could soon fall below this historical record.

Jane Merryman, of the Technical Data research group, said: "We are eyeball to eyeball with history – this is totally uncharted weter. But everyone in the market now assumes it will fall further."

The decline in yields follows recent evidence of a deterioration in the Japanese economy. Nomura Research Institute yesterday cut its forecasts for economic growth in the current fiscal year from 1.2 per cent to 0.3 per cent. The government is still forecasting growth of 1.9 per cent.

Fears of a stronger yen have discouraged overseas investment while domestic investors have shied from the equity and property markets in the current economic slowdown.

"There is nowhere else for Japanese investors to put their money because they are so risk-averse," says Cameron Umetsu at UBS in Tokyo, who forecasts that yields will hit 1.8 per cent soon. "Clearly monetary tightening is now off the agenda for another year."

After adjusting for inflation and stripping out the effects of Japan's consumption tax rise, real long-term bond yields in Japan are now more than 2 percentage points lower than in the US and the UK.

Nigel Richardson, head of bond research at Yamaichi International in London, said: "The only way you can now justify these yields fundamentally is if you think the Japanese economy is heading for Armageddon."

Some economists had hoped this week's International Monetary Fund meeting in Hong Kong would persuade the Japanese government to unveil e package to boost the economy. In particular, the US has called on Tokyo to take measures to promote domestic demand to avoid a surge in the trade surplus hut the government appears to have no such plans.

Bonds, Page 22

S&P alters Malaysian outlook rating to negative

By James Kynge in Kuala Lumpur

Standard and Poor's, the international rating agency, yesterday warned of potentially large loan losses in Malaysia's financial sector and revised downward tha outlook for credit ratings.

The announcement – the latest sign of rapidly flagging confidence in Malaysia's economy – came one day after a heavy run by depositors to withdraw money from MBf Finance, the country's largest finance company. The run dissipated yesterday after central bank assurances that depositors' money was safe.

Standard and Poor's reaffirmed its existing ratings for Malaysia's sovereign debt denominated in foreign and local currencies but revised the outlook on the ratings from "stable" to "negative" – which serves notice that the credit rating may be revised downward in the future.

The revision was prompted by a number of factors, the agency said. One was that, as the economy slows, banks and finance companies may be hit by high lending to an oversupplied property market.

This problem is compounded by the amount of debt outstanding in the economy – estimated at more than 170 per cent of gross domestic product this year – which is "very high" by international standards.

"Potentially large loan losses in the financial sector would weaken the government's financial position as well as the economy's medium-term growth prospects," Standard and Poor's said in a statement.

The excessive level of credit in the economy is being compounded by "evident reluctance" to curb rapid credit growth which is financing an "unsustainable boom in investment". While other south-east Asian countries have tried to shore up their depreciating currencies by raising interest rates, Malaysia has done the opposite, keeping rates low to protect heavily indebted companies against repayment demands.

Many economists argue that this easy credit policy may succeed only in delaying an inevitable credit crunch.

Standard and Poor's also took issue with what it called the government's "ambivalent" commitment to orthodox economic policies. It cited moves by Mahathir Mohamad, the prime minister, to restrict free market forces in the currency and stock markets.

The agency said future ratings hinged on effective steps, starting with the budget to be announced in October, to slow excessive demand.

THE LEX COLUMN

Tip-toe Tony

Tony Blair's government is edging its way towards taking Britain into European economic and monetary union. From the perspective of financial markets, that is good news. It could turn the UK into the next "convergence play", delivering lower bond yields and, perhaps, higher share prices.

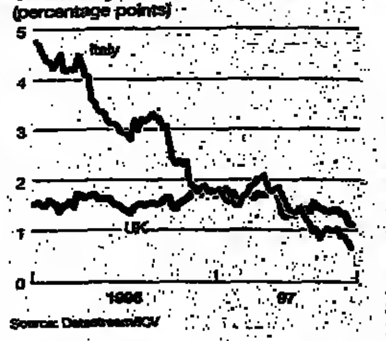
Much, though, depends on precisely how any statement of intent to join Emu is framed. One encouraging sign is that Mr Blair is focusing on the need for Emu to be sustainable – in effect, that European labour markets must be sufficiently flexible to withstand the straitjacket of a single currency. Such adaptability is more important for the success of the euro-zone than hitting the Maastricht criteria on budget deficits. While inflexibility is not so much a problem for the UK itself, rigidities in the rest of Europe could clearly prodnce knock-on effects for Britain. And Mr Blair will clearly have a bigger say in such matters if the rest of Europe believes Britain is committed to the project.

Another matter of more specific British concern is that its economic cycle is about two years ahead of the rest of Europe. Imposing Germany's 3 per cent base interest rates on the UK (where rates are currently 7 per cent) would be damaging. But here too a credible Emu statement from tha government would be helpful. The pound would probably fall, given that sterling might enter Emu at a rate of around DM2.60 rather than the current DM2.87. That, in turn, would lead to more balanced export-led growth. If short-term interest rates had to rise to compensate for an effective loosening of monetary policy, that would be no harm either. Anything that cooled the consumer boomlet would enhance the chances of prolonging the recovery and, hence, bring Britain's cycle closer into sync with the rest of Europe.

FTSE Eurotop 300 index: 971.2 (-3.2)

10-year bond spread

UK and Italy minus Germany (percentage points)



Source: Datastream/ICV

Gilts

There is plenty of scope for gilts to enjoy a convergence rally. Despite the recent fall in gilt yields, the spread over 10-year German bunds is still 120 basis points – compared with 40-50 basis points for countries like Portugal, Spain and Italy.

But convergence to the bund rate is most unlikely in one jump, even if the government makes an extremely pro-Emu statement later this year. For a start, there is the matter of the entry date. Say Britain was certain to join in January 2000. That is still more than two years away and, during that time, short-term interest rates would still be above German ones. If they averaged two percentage points higher, a gilt-bund spread of about 50 basis points would be justified.

Then there is the matter of whether Mr Blair could deliver on Emu. The government, after all, is committed to holding a referendum or a general election before taking Britain into Emu. And though Mr Blair is popular, the population is still extremely sceptical about Emu. At present, holding a referendum would be risky for the government. For that reason alone, do not expect Mr Blair to tie his hands on an entry date until and unless he senses public opinion shifting.

Intel

The line between vigorous competition and monopolistic behaviour can be pretty thin. Whether the US Federal Trade Commission, which has launched a wide-ranging anti-trust investigation into Intel, will be able to nail it down is questionable. Intel can hardly be criticised for its dominance in microprocessors – an 80 per cent world market share – achieved through superior designs, slick marketing and heavy capital investment. The question is whether it is using its stranglehold there to crack open adjacent markets for components such as chip sets and graphic drivers.

There is little donbt that Intel wants to end up making all the clever bits inside personal computers. There is nothing wrong with that. On one level, an aggressive new entrant like Intel ought to bring more, not less, competition and thus lower prices for consumers. But Digital Equipment and others accuse Intel of using its clout to lock out certain rivals, by refusing to share new technology, while transforming others into captive suppliers, by taking them over or signing long-term supply agreements.

Of course, there is no guarantee the FTC will even hring a case. A similarly broad probe into Microsoft, ongoing since 1993, has so far led to only minor restrictions. It did, however, have the effect of persuading Microsoft to drop its planned acquisition of financial software group Intuit. If the FTC manages similarly to constrain Intel's behaviour, and garner a few positive headlines too, it may well be satisfied.

Redland

The drip-drip of disappointment from Redland has turned into a deluge. After all the earlier setbacks, investors now have to face up to a serious deterioration in Germany, the one market where it enjoys a compelling competitive position. Not only has it lost a hefty chunk of market share but there is also a real prospect of a debilitating price war as it seeks to keep sales up. No wonder the shares fell 22 per cent.

Redland maintains it is taking vigorous action, with a further round of cost-cutting scheduled. As ever, though, there is a sense of too little, too late. And the outlook is hardly comforting. The company hopes to cut prices in a limited and precise way. But there is a clear risk of this degenerating into something messy and protracted with a nasty impact on earnings.

Shareholders have every right to be disgruntled. The shares have performed dismally, and asset write-downs have been commonplace. Difficult trading has played a part, but management sins of commission and omission have aggravated matters. Worse, having taken the company into its current predicament, there are no easy escape routes. A break-up does not promise great benefits, and a takeover offer is hardly likely with a price war threatening in Germany and the company's other assets being of mixed quality. The worst may well lie ahead.

Additional Lex comment on Sears, Page 20

PW chief sees growth

Continued from Page 1

than just once a year in the pnblished accounts – would be a priority of the new firm.

"Real-time" auditing is seen as a big growth area by many companies, particularly those which make use of financial instruments. Several recent corporate disasters have been blamed on unchecked risks that were associated with derivatives trading.

Mr Schiro dismissed suggestions that the merger plan might prompt large-scale defections from the firm by some national practices.

"Yon hear all this about fall-ont, bnt, if you play it right, people want to be on winning teams.

"There is a level of excitement in the recruitment market, an excitement as we look at the markets – people want to be a part of that."

Mr Schiro has been telling partners that the planned merger would be built on the basis of equality with Coopers & Lybrand.

"Yon have to say what are the best things about the two cultures – and you create a new culture that is really a combination of equals. And you ignore size," he said.

Mexico asks banks for $2bn credit line

By Leslie Crawford in Mexico City

The Mexican government is negotiating a credit line of at least $2bn with a syndicate of international banks, the largest commercial bank loan since the 1995 peso crisis, to guard against "unforeseen contingencies".

The stand-by facility, of up to $3.5bn, would be made available if new turmoil in emerging markets provoked a sudden outflow of foreign capital.

The credit line is being arranged by Credit Suisse First Boston, the investment banking arm of Credit Suisse Gronp.

Lukas Mühlemann, chairman of the Swiss banking group, met President Ernesto Zedillo this week, and said afterwards: "This is a market mechanism that will provide Mexico with resources to counteract events beyond tha government's control."

Many economists believe Mexico may face a new crisis of confidence if Mr Zedillo's administration fails to reach agreement with the opposition-controlled Congress over the 1998 budget. If the budget law is not approved by December, the workings of government will stop because there are no legal provisions that would allow Mexico to continne servicing its foreign debt, or paying government employees, in the event of a hudget impasse.

But aides to Mr Zedillo said the new loan facility would not finance government business in the absence of an approved budget.

Alfredo Thorne, an economist with J.P. Morgan, said Mexico was under pressure to repay part of its outstanding $11bn debt to the fund, so that the IMF could help distressed governments in south-east Asia.

Guillermo Ortiz, Mexico's finance minister, said this week that Mexico would not be borrowing more money from the IMF.

Mr Ortiz had previously indicated Mexico's interest in negotiating an extended fund facility, an IMF medium-term borrowing programme, to iron out humps in Mexico's debt repayment schedule. Under the present timetable, Mexico must repay the IMF $3bn in 1998 and $6bn in 1999.

Staff at Smith Barney and Salomon anxious

Continned from Page 1

the number of chairs will contract... There are still some chairs left".

Several employees of other Wall Street firms said they had received calls from concerned Smith Barney or Salomon staffers inquiring about job opportunities.

"They were just sounding ont. It doesn't mean they'll jump," said one banker.

The number of people employed on Wall Street attained a record high spot last year. According to the Securities Industry Association, New York Stock Exchange firms dealing with the pnblic employed more than 260,000 staff. Booming conditions have encouraged many established firms to hire new staff. Goldman Sachs, for example, is adding 1,000 globally this year. More recent arrivals, such as European banks Deutsche Morgan Grenfell and Union Bank of Switzerland, have also been recruiting heavily.

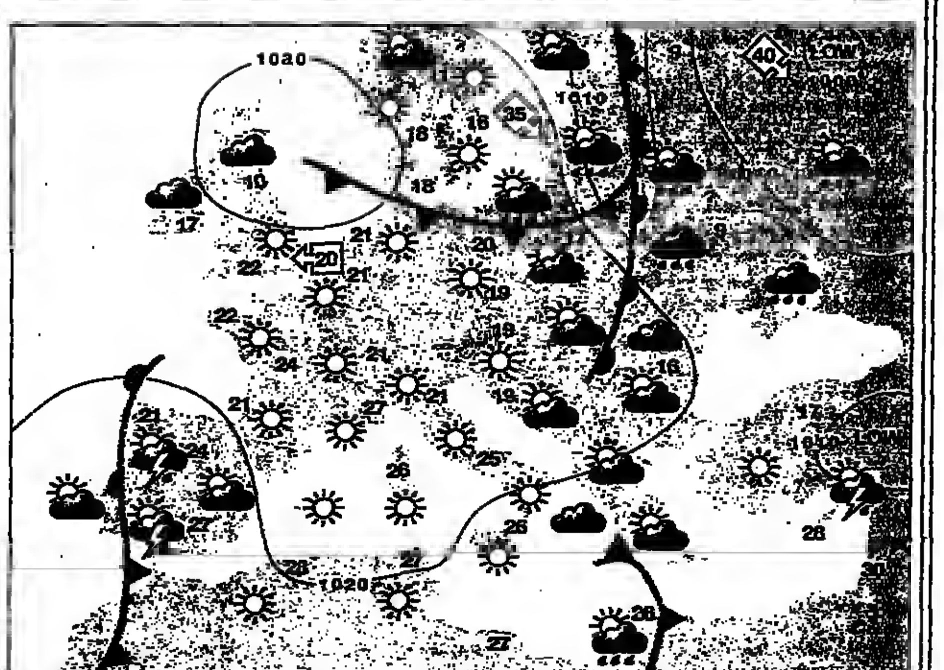
FT WEATHER GUIDE

Europe today

High pressure dominating central and western Europe will produce fine and sunny weather from the western Mediterranean through to southern Scandinavia after early fog has cleared. Northern Scandinavia, the Baltic countries and western Russia will be cloudy and cold with rain followed by a mix of sun and blustery showers. Portugal and western Spain will have sunny epells and thundery showers but eastern Spain will remain fine and mostly sunny.

Five-day forecast

Western Russia and the Baltic states will become drier and more settled by Monday. The Iberian peninsula will become increasingly unsettled with more widespread thundery activity. Western Scandinavia will become wet and very windy on Monday and Tuesday. Much of western, central and eastern Europe will be dry with plenty of sunshine after any overnight fog has cleared.



TODAY'S TEMPERATURES

Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

		Maximum Celsius
Abu Dhabi	sun	36
Accra	fair	31
Algiers	fair	28
Amsterdam	sun	21
Athens	fair	22
Atlanta	fair	28
B. Aires	fair	18
B.ham	fair	18
Bangkok	thunder	32
Barcelona	fair	23
Beijing	fair	21
Belfast	cloudy	17
Belgrade	cloudy	19
Berlin	sun	20
Bermuda	fair	30
Bogota	thunder	19
Bombay	thunder	32
Brussels	sun	21
Budapest	fair	18
C.hagen	fair	18
Cairo	fair	33
Caracas	fair	31
Cardiff	fair	18
Casablanca	shower	25
Chicago	sun	24
Cologne	sun	21
Dakar	fair	32
Dallas	fair	31
Delhi	sun	36
Dubai	sun	38
Dublin	cloudy	17
Dubrovnik	sun	21
Edinburgh	cloudy	15
Faro	thunder	25
Frankfurt	sun	21
Geneva	sun	21
Gibraltar	thunder	23
Glasgow	cloudy	17
Hamburg	sun	19
Helsinki	fair	13
Hong Kong	fair	26
Honolulu	fair	32
Istanbul	cloudy	16
Jakarta	fair	32
Jersey	sun	21
Johannesburg	fair	26
Karachi	sun	35
Kuwait	sun	41
L. Angeles	fair	28
Las Palmas	fair	27
Lima	fair	24
Lisbon	fair	25
London	sun	22
Lux.bourg	sun	21
Lyon	sun	24
Madeira	shower	24
Madrid	thunder	24
Majorca	fair	26
Malta	fair	26
Manchester	fair	19
Manila	thunder	33
Melbourne	fair	17
Mexico City	thunder	25
Miami	thunder	32
Milan	sun	26
Montreal	fair	17
Moscow	rain	9
Munich	sun	17
Nairobi	sun	27
Naples	fair	23
Nassau	thunder	33
New York	fair	22
Nice	sun	24
Nicosia	thunder	28
Oslo	sun	18
Paris	sun	24
Perth	shower	20
Prague	sun	19
Rangoon	thunder	30
Reykjavik	rain	8
Rio	fair	25
Rome	sun	25
S. Frsco	sun	26
Seoul	shower	21
Singapore	thunder	31
Stockholm	sun	18
Strasbourg	sun	21
Sydney	fair	21
Tangier	shower	28
Tel Aviv	fair	31
Tokyo	rain	25
Toronto	fair	17
Vancouver	shower	18
Venice	sun	24
Vienna	sun	19
Warsaw	fair	17
Washington	fair	23
Wellington	fair	13
Winnipeg	sun	23
Zurich	sun	19

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Poland unshaken by election result

Poland's election results, pointing to a new government led by the Solidarity Electoral Action, have caused little concern among investors on Warsaw's stock exchange. Investors feel the realities of power will force the new government to leave the outlines of pro-privatisation policies in place. Page 34

ABN Amro set for Japan's 'Big Bang'

ABN Amro, the Dutch bank, is expanding its operations and staffing levels in Japan to take advantage of opportunities under Tokyo's "Big Bang" financial reforms. ABN Amro is already the biggest foreign commercial bank in Japan in terms of assets, and its profits there are set to surge with financial liberalisation, according to Jan Kalff (above), the bank's chairman. Page 18

Upside of south-east Asian volatility

South-east Asian currency devaluations have taken a toll on banks' loan books and their cost of funding, but the volatility has helped treasury operations lift income and increase demand for derivative products. Page 16

Asarco forecasts small copper surplus

Asarco, the privately-owned US copper producer, has revised its forecasts for copper demand because of slowing economic activity in south-east Asia. Asarco was expecting a supply deficit of 53,000 short tons (one short ton is 2,000lb) this year, but is now predicting a small surplus of 15,000 tons. Page 24

Companies in this issue

ABN Amro	12	Intel	14
ABN Amro Rothschild	18	Israel Corp	12
AGF	15	Japan Dev'ment Bank	18
Air Liquide	18	KDD	5
Alvis	20	Kia	12
American Airlines	5	Lafarge	16, 20
Antena 3	17	Laura Ashley	15
Antofagasta Holdings	20	Lufthansa	5
Astro	15	Maruti	18
Autostrada	12	MeesPierson	18
Avis Europe	20	New Targets	18
Banca Agr. Mantovana	12	Nikko	4
Banca di Roma	18	Nissho Iwai	18
Bank Hapoalim	16	Nomura	4
Bechtel	4	Pacific Century	18
Boosey & Hawkes	20	Pearson	17
Brisa	16	PowerGen	4
British Airways	5	Price Waterhouse	1,17
Casino	15	Promodès	15
Chung Hwa Dev.	18	Recoletos	17
Citibank	12	Redland	14, 20
Club Méditerranée	16	Salomon	1, 18
Coopers & Lybrand	1,17	Sea Containers	20
Daewoo	4	Sears	20
Dai-Ichi Kangyo Bank	4	Selta	12
Daiwa	4	Skis Rossignol	12
EDS	12	Smith Barney	1, 19
Eridania Béghin-Say	16	Ssangyong	12
Fiat	18	Standard Chartered	18
Fidelity	18	Suzuki	18
Frontline	15	Telefónica	17
GAN	15	Toro Assicurazioni	16
GE Capital	20	Travelers Group	19
Guangdong Dev. Fund	18	UBS	12
Gucci	15	United Airlines	5
HSBC	16	Veba	12
Hägglunds	20	Westinghouse	4
Holec	16	Worms & Compagnie	15
ICB Shipping	15	Yamaichi	4

Market Statistics http://www.FT.com

Annual reports service	25,26	FTSE Actuaries share indices	30
Benchmark Govt bonds	22	Foreign exchange	23
Bond futures and options	22	Gilts prices	22
Bond prices and yields	22	London share service	25,26
Commodities prices	24	Managed funds service	25-27
Dividends announced, UK	20	Money markets	23
EMS currency rates	23	New intl bond issues	22
Eurobond prices	22	Bourses	32,33
Fixed interest indices	22	Recent issues, UK	30
FT/S&P-A World indices	31	Short-term int rates	23
FTSE Gold Mines index	30	US interest rates	22
Emerging Market bonds	22	World stock markets	31

CROSSWORD, Page 24

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BMW	1450	+	56
Heidelb Zem	147.5	+	4.5
Muench Rueck	604	+	25
SAP AG	454.5	+	10.7
Volkswagen	1234	+	18
Falls			
MAN	552	–	5
NEW YORK ($)			
Rises			
Adv Micro Dev	32⅞	+	1¼
Jlln Chem	24¾	+	3⅛
Sea Contnrs	27⅞	+	2⅛
Falls			
Maximus	30⅞	–	1½
Nova Corp	24	–	1⅛
Park Electro	29½	–	1⅜
LONDON (Pence)			
Rises			
Computerland	154½	+	27
Eidos	757½	+	57½
Scoda	477½	+	41½
Falls			
Boosey & Hwks	837½	–	112½
Meconic	262½	–	52½
Redland	220	–	61½
TORONTO (C$)			
Rises			
Cymna Corp	9.5	+	0.95
Dalsmirror	13.75	+	1.7
Golden Star	6.5	+	0.95
Falls			
Maximus	30⅞	–	1½
Nova Corp	24	–	1⅛
Park Electro	29½	–	1⅜

PARIS (FFr)			
Rises			
CGIP	1800	+	18
Technip	762	+	8
Falls			
BIC	455.7	–	23.3
Imetal	780	–	27
l'Oreal	2350	–	46
SGS-Thomson	555	–	27
TOKYO (Yen)			
Rises			
Sakura Bank	650	+	39
S'tomo Realty	964	+	41
Falls			
Alps Electric	1370	–	100
Asahi Optical	310	–	31
Daikyo Inc	158	–	26
Mochida Phrm	700	–	49
HONG KONG (HK$)			
Rises			
Beijing Ent	51.0	+	4.1
Cheung Kong	86.0	+	2.0
China Res Ent	32.1	+	3.05
HSBC Hld (5)	240.0	+	7.0
Hutch Whamp	72.25	+	3.0
Shanghai Indl	48.3	+	5.8
BANGKOK (Baht)			
Rises			
ICC Enter	87.0	+	7.5
Siam City	138.0	+	12.0
Siam Com Bk	123.0	+	11.0
Falls			
Thai Rubber	25.25	–	2.75
Safari Wrld	24.0	–	2.5
Strongpack	56.5	–	6.0

New York and Toronto prices at 12.30pm.

Promodès raises Casino bid

French retailer gives shareholders option to take cash or stake in combined group

By Andrew Jack in Paris

Promodès, the French retailer, yesterday increased the size of its hostile bid for rival Casino by FFr3bn ($500m) to a maximum of FFr31bn, and offered its own shares in payment as an alternative to cash.

The action followed the rejection on Wednesday night by the Conseil des Marchés Financiers, the French self-regulatory authority, of the alternative, friendly bid for Casino by the retailer Rallye. It gave the company two days to come up with a revised offer.

Promodès swift announcement of a significant increase in its offer is aimed at pre-empting any counter-bid made by Rallye. Paul-Louis Halley, chairman of Promodès, said yesterday its offer followed discussions with Casino employees and family shareholders who wanted a stake in the combined group.

"We are fundamentally convinced that we are offering an excellent project, which will be fruitful for the future," he said.

It also emerged yesterday that dissident members of the founding family of Casino, who have held talks with Mr Halley, were increasing in number and could have sufficient influence to block a revised bid from Rallye.

One member of the Guichard family said 50 shareholders representing 2.5 per cent of Casino's voting rights had joined forces with him. He had a legal opinion suggesting a pre-emption pact drawn up between members of the family in the event of any selling their shares would be declared void by a court.

The dissidents objected to what they believed was a hasty decision earlier this month to support the rival Rallye bid by Antoine Guichard, a Casino director who co-ordinates the 16 per cent of voting rights controlled by the family.

But the dissident shareholder said yesterday that Mr Guichard would not make any further statement until after a family meeting on October 4 to consider the revised bids, suggesting there has been an attempt at reconciliation.

The new Promodès bid is for FFr375 a share or one Promodès share for every seven Casino shares. Casino investors would receive additional compensation if Promodès shares do not reach FFr2,800 by December 1 1999. Its accompanying bid for Rallye, which owns 28 per cent of Casino's shares, remains unchanged.

In the wake of fears over job losses, Mr Halley said he would maintain Casino's headquarters in St-Etienne, central France, over the next few years and there would be no reduction in staff numbers.

He also rejected the argument that the two companies were incompatible because Promodès had far more franchise operations, pointing out that turnover from its fully-owned stores still exceeded that generated by Casino.

ICB $309m tanker deal may foil Frontline's hostile bid

By Tim Burt in Stockholm

ICB Shipping, the Swedish tanker operator fighting a hostile SKr3.22bn ($426m) bid from Frontline, yesterday confounded its Bermuda-based rival by announcing the $309m acquisition of Greek-owned Astro Tankers.

The agreed deal, which ICB hopes will frustrate Frontline's SKr115-a-share cash offer, promises to make the enlarged group one of the biggest independent tanker operators.

By joining forces with privately-owned Astro, controlled by the Angelicoussis family, ICB will almost double the size of its fleet to 27 vessels, including ships on order.

Although it denied the acquisition was a defensive move to foil Frontline, ICB admitted it had initiated talks with the Angelicoussis Group – Astro's parent company – following Frontline's hostile approach.

Frontline, acquired last year by Norwegian shipping entrepreneur John Fredriksen, vowed to continue its pursuit of ICB. It yesterday acquired a further 15 per cent of ICB's share capital and almost 10 per cent of the voting rights.

Since launching its bid, Oslo-quoted Frontline has acquired 51.7 per cent of ICB's share capital and 31.4 per cent of the voting rights. Controversy surrounding dealings in ICB shares prompted an inquiry by the Stockholm stock exchange last week. But it was dropped after Frontline replaced its initial cash and paper offer of SKr111 a share with an all-cash bid at SKr115.

ICB, nevertheless, said investors holding more than 50 per cent of the voting rights had agreed to support the Astro acquisition rather than side with Frontline.

The Angelicoussis family will receive 11.85m new shares in ICB and will control almost 30 per cent of the enlarged group. John Angelicoussis, chairman of the holding company bearing his name, will become chief executive of ICB.

Frontline said the deal represented a "spectacular U-turn" by ICB. It had previously rejected Frontline's argument that a larger group would enjoy greater cost savings and purchasing power in the fragmented tanker industry.

Excuse me, Gucci, but your show is slipping

Fashion houses feel the strain

By Alice Rawsthorn

The adage that share prices soar whenever hemlines rise came unstuck for Gucci this week.

Having championed the miniskirt's revival this autumn, the Italian fashion house watched the price of its shares plummet by $11¼ to $47 in New York on Wednesday, after it warned that this year's profits growth would be slower than expected. Yesterday the shares slipped again, to $46½.

The warning marked the end of a heady period when Gucci was feted as a sought-after fashion label and as one of the world's fastest-growing luxury goods groups.

The speed with which its shares have fallen casts a pall over other recently floated glamour stocks, such as Ralph Lauren and Donna Karan in the US, and their Italian rivals, Gianni Versace and Gianfranco Ferre – both of which hope to go public next year.

Historically, investors have taken a sceptical view of the fickle fashion business; but perceptions improved during the mid-1980s, when global luxury goods sales rose sharply. Gucci, once dismissed as a moribund brand, staged a dramatic revival under Tom Ford, its new chief designer.

The success of Gucci's 1995 flotation prompted other fashion houses, including Lauren and Karan, to go public.

Meanwhile, LVMH and Hermès, the French luxury goods groups, invested in rejuvenating their brands, notably by hiring expensive, young designers.

Edouard de Boisgelin, a Merrill Lynch analyst, estimates that the global luxury market enjoyed annual growth of 9 per cent from 1992 to 1996.

Companies have raced to make the most of the expansion by opening new stores all over the world and stepping up their advertising – causing strains within the industry.

Advertising expenditure has escalated to the detriment of younger brands that cannot afford to compete against the big budgets, such as the $130m spent to publicise Ralph Lauren's products last year.

Rents have rocketed, as designers have fought for sites on smart streets such as Avenue Montaigne in Paris and Tokyo's Omote-Sando.

Gucci's catwalk glamour failed to impress markets Neil McInerney

Gabriella Forte, president of Calvin Klein, the US fashion group that plans to open 90 new stores in Europe by 2001, says the level of competition is "becoming crazy".

Yet the industry's immediate problem is the impact of the weak yen on spending by the Japanese, its largest body of consumers.

So far sales have remained robust in Japan, but spending by Japanese tourists has fallen sharply, particularly in the once lucrative Hong Kong and Hawaii duty free markets.

Domenico De Sole, Gucci's president, says this is "a short-term problem" which will be redressed when the yen strengthens. Analysts appear to agree, and have downgraded their forecasts for Gucci's full-year net profits from $205m to about $180m, against $168m last year.

The decline in Gucci's shares may seem exaggerated for a company still poised for profits growth this year, but it highlights investors' lingering nervousness about the fashion industry.

One concern is that fashion may be forsaking the expensive glamour, epitomised by the Gucci logo, in favour of an artisanal look on the catwalks, and sports brands for young consumers. The latest craze in Japan is to wear traditional Asian clothing rather than western labels.

These ephemeral issues, as much as the yen's fate, will determine the prospects for Gucci's battle-scarred share price, and those of its fellow glamour stocks which, after this week's bad news, are suddenly looking rather scruffy.

Pinault may bid for GAN group

By Andrew Jack in Paris

François Pinault, the French businessman who last week launched a hostile bid for the conglomerate Worms & Compagnie, is considering making an offer for GAN, the state-owned insurance group being prepared for privatisation.

Advisers to Mr Pinault said yesterday he was discussing the idea of a creating a "European insurance pole", which could include both GAN and Athéna, the profitable insurance subsidiary of Worms.

Their comments followed approval by the Conseil des Marchés Financiers, the French self-regulatory stock market authority, of the bid for Worms on Wednesday evening. The bid was launched through a subsidiary of Mr Pinault's family holding company, Artémis.

Worms' supervisory board responded by stating that, "unanimously among those present and represented", it recommended investors not to accept the offer which – at FFr410 ($69) a share – values the equity at FFr23bn.

The statement seemed to confirm remarks by Nicholas Clive Worms, chairman, that he had the support of his leading shareholders, including the family investors who hold 22 per cent of the shares, and the Agnelli family of Italy, which holds 20 per cent through its holding company Ifil.

The supervisory board of Worms also includes AGF, the French insurance group privatised last year, which holds a further 8 per cent. Together, these investors could prevent Mr Pinault from attaining the two-thirds control he has said is necessary for his offer to go ahead.

However, an adviser to Mr Pinault indicated yesterday that this target was not binding, and that he might pursue his tender even if he obtained fewer shares.

AGF could prove especially important in the takeover battle; several those involved in the bid believe there may have been confidential discussions between AGF and Mr Pinault.

AGF is known to be debating its own bid for GAN, and its executives were considering associating with a partner to help finance the transaction.

The privatisation decree for the insurer and the detailed offer document inviting bids are expected from the French government shortly.

European Commission officials have expressed concern about GAN being sold to AGF, while others have questioned whether the company has sufficient resources for the purchase. However, the sale of GAN to a foreign purchaser – candidates include Allianz of Germany – might trigger a political backlash in France. Mr Pinault's tender may be a possible solution.

Mr Pinault said when he launched his Worms bid he was interested in developing financial services activities. However, he is believed not to have expressed any interest to Worms in acquiring Athéna ahead of the takeover bid.

Laura Ashley loses $7.2m

By Christopher Price

Laura Ashley, the troubled retailer, yesterday announced pre-tax losses for the first six months and said it would not break even this year – five weeks after making a trading statement that it would do so.

The shares, which stood at 220p a year ago, fell 5½p to 60p. Pre-tax losses of £4.5m ($7.24m) compared with profits of £5.2m a year ago.

The UK company blamed poor trading in its home furnishings business, particularly in the US, excess stock, and supply difficulties.

The disappointing results and the latest warning on trading – the company's third this year – raised further questions about the management of the company. One analyst said the position of Anne Iverson, the chief executive, was "untenable".

Ms Iverson was brought in two years ago to turn around the retail group, famous for its distinctive floral designs. Initially, she appeared to succeed and last year she was paid more than £1m, including a "bonus" of £525,000.

Yesterday, Ms Iverson described the performance as "unacceptable" and said urgent steps were being taken to address the problems. "We have tried to move too fast too soon and did not have the proper infrastructure in place," she said. "We have to get the basics right."

The excess stock had been largely sold off and greater controls had been introduced. The structure of the company had been altered with the appointment of David Hoare as chief operating officer. Ms Iverson said he would get to grips with the group's cost base.

In addition, the furnishings and garments businesses are to be split and given separate management.

Declining sales in the US, particularly from newer stores, has prompted a halt to the group's ambitious opening programme there.

Despite the problems, Ms Iverson said she had no intention of resigning and had the full support of the board. This included Bernard Ashley, husband of the founder and still a main shareholder.

Italian recovery helps Fiat jump 46%

By Paul Betts in Milan

Fiat, Italy's largest private group, yesterday reported a 46.3 per cent rise in first-half pre-tax profits to L2,263bn ($1.31bn), on the back of recovery in the Italian car market and a robust performance at its New Holland farm and earth-moving equipment subsidiary.

Cesare Romiti, chairman, forecast a marked improvement in the group's full-year results. "Pre-tax profits for the year should be not less than L4,000bn," be said.

That would represent a strong improvement on last year, wben Fiat's pre-tax profits rose 11.7 per cent to L3,805bn owing, in large part, to about L1,400bn in capital gains from asset disposals.

The group is not expected to make any significant extraordinary gains this year.

First-balf sales rose 12 per cent to L44,942bn and full-year revenues are expected to total more tban L90,000bn. This would compare with L77,923bn last year.

Fiat's overall financial positioo also bounced back into the black for the first time since 1990.

The group had oet liquid assets of L775bn at the end of June, compared witb debts of L2,513bn at the end of the first half of last year and of L2,211bn at the beginning of this year.

The liquid assets include a L700bn tax credit whicb, under Italian legislation, is paid to the company in the form of government bonds.

Fiat's performance was boosted by the government's incentives introdnced in January to revive the depressed Italian car market. These helped increase Fiat domestic car sales by 27.8 per cent and are expected to boost revenues even further in the second half.

However, the company also reported an 11.3 per cent advance in Poland and a 29.5 per cent rise in its Brazilian car sales. Overall, Fiat sold 10.8 per cent more cars – 1,359,000 – in the first half.

During the period, it took a 12.7 per cent share of the European market, where it now stands second to Volkswagen, of Germany.

Fiat's first-half car revenues rose 13.4 per cent to L25,500bn, with operating profits up at L765bn.

However, the New Holland farm and earth-moving equipment subsidiary, separately quoted in New York, showed even better profitability. First-half revenues rose 16.4 per cent to L5,300bn, while operating profits, accounting for 13.2 per cent of sales, increased to L699.6bn.

Against that, the Iveco industrial vehicles snbsidiary was hit, along with the rest of the industry, by price wars and stagnant demand for trucks.

First-half sales fell 2.4 per cent to L5,500bn, while operating profits totalled only 2.4 per cent of sales, or L132bn.

The upside of turmoil in south-east Asia

Devaluations have hit banks' loan books, but income from treasury operations has been lifted

Banks would be hard pressed to find a more apt description of the soutb-east Asian currency turmoil tban tbe Chinese word for crisis, whicb is composed of two cbaracters: danger and opportunity.

While currency devaluations have taken their toll on banks' loan books and their cost of funding, the volatility bas belped treasury operations boost income and increase demand for derivative products such as options for the Thai baht.

"Because of the recent volatility, spreads are wider than before, so this is belping some banks increase profitability," says Stanley Wong, regional treasurer witb Standard Chartered Bank in Hong Kong.

However, banks taking active trading positions are finding the same volatility to be detrimental, he adds, particularly in Singapore, Thailand, Malaysia and Indonesia wbere this forms a bigger slice of business.

But if tbe red ink caused by trading in regional currencies bas been largely restricted to domestic banks in the region, their bigger peers have not been left unscathed by a secondary result of the currency crisis: rising interest rates.

Even in Hong Kong, where tbe currency – which is pegged to the US dollar – withstood attack, interbank interest rates rose sharply under the assault and have yet to return to the levels seen earlier this year.

Rising interbank interest rates, precipitated by pressure on the Hong Kong dollar, have eroded margins for banks relying on the money market to fund loans.

"International banks are never totally sheltered – we're all part of the same landscape," eaye Michael Contreras, division executive for south-east Asia-Pacific at Citibank, the US bank.

The difference, he says, is one of degree: bigger banks bave more sources of funding and are therefore affected lees than their smaller competitors.

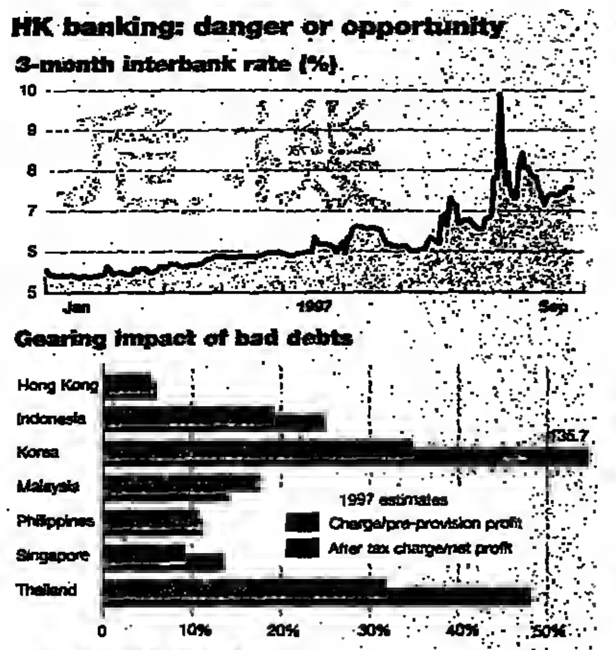
In the case of Hong Kong, although the initial assault on the currency last month may have proved unsuccessful, it did send interest rates to an average of between 8-8.5 per cent.

While that rate quickly fell, bankers are still seeing margins contracted. Mr Wong notes that in the first quarter, wben US dollar rates stood at 5.5 per cent, the Hong Kong dollar rate was marginally below 6 per cent. Now, with the US dollar rate barely changed at around 5.75 per cent, the Hong Kong dollar rate is hovering around 7.25 per cent. Prime lending rates have remained the same. The erosion of margins hits the sector as e wbole, with banks reliant on wholesale or interbank money to fund loans affected worst.

"The banking sector as a whole is definitely feeling the pressure because of the Hong Kong dollar interest rate being on average 1 percentage point above normal levels," says Mr Wong.

Retail banks boasting their own deposit base – including non-interest bearing current accounts – and international banks with wider sources of funding are more cushioned.

Keith Irving, banking analyst at Merrill Lynch in Hong Kong, estimates the turmoil will cut the territory'e banks' earnings by up to 4 per cent in 1997, 1998 and 1999. This pushes the sector's growth to below the market rate of growth.



Loan growth and GDP

	GDP growth: Cut (%)	Real(%)	Nominal (%)	Loans/nominal GDP: Growth (x)	Balance(%)
Hong Kong	1.0	4.8	11.8	[illegible]	[illegible]
Indonesia	-1.9	4.8	14.8	1.0	58
Korea	-0.2	6.2	11.7	[illegible]	[illegible]
Malaysia	-2.5	5.0	8.0	1.6	87
Philippines	-1.1	4.5	12.5	[illegible]	[illegible]
Singapore	-2.1	5.3	9.3	1.6	95
Thailand	1.0	1.5	8.5	[illegible]	[illegible]

Source: Datastream/ICV, ML estimates, IMF

Among the worst hit will be the smaller banks which are more reliant on market-linked funding, such as Dah Sing Financial, Wing Hang and International Bank of Asia.

Banks such as Hang Seng, Hong Kong'e second biggest, are protected by a higher level of savings and demand deposits – although Mr Irving notes that the protracted period of relatively high interest rates means that deposit rates also reprice.

HSBC, the global banking group which dominates the sector in Hong Kong, is least affected, as it derives only 37 per cent of its pre-tax profits from the territory and has just 4.8 per cent of its assets in south-east Asia (mainly in Singapore).

International banks, however, have suffered less from another aspect of the fall-out in sonth-east Asian economies: non-performing loans as a result of poor-quality assets. Thai banks, in particular, have suffered from this, as evidenced by the recent downgrade of seven leading Thai financial institutions' ratings by Standard and Poor'a, the US agency.

Indonesian banks bave also taken a hit: Merrill Lynch has revised down its 1998 earnings estimates for the sector by an average of 38 per cent, mainly reflecting an assumed jump in non-performing loans and write-offs of bad debts.

For international banke, however, exposure to the south-east Asian economies represents a tiny portion of their total portfolios. Moreover, experience of currency crises – in Latin America, for example – means they have learnt to take action swiftly.

At Citibank, pro-active measures included reducing its portfolio in the region and reducing areas of higher volatility and higher risk. Says Mr Contreras: "The first sector that gets hit is the finance sector in these crises, so it's not an area we wanted to have too much exposure to."

However, while foreign banks may cut their exposure to vulnerable areas and tighten lending, none anticipates quitting what remains the fastest-growing region; most see further opportunities as local institutions seek to restructure and reschedule debt.

Louise Lucas

INTERNATIONAL NEWS DIGEST

Holec Holland float abandoned

ABN Amro Rothschild and Union Bank of Switzerland last night abandoned attempts to breathe new life into the flotation of Holec Holland, the leading Dutch maker of electrical switchgear. Cutting the price and nearly halving the number of shares on offer failed to bring in demand for the issue, withdrawn on Wednesday only hours before dealings were due to start.

Tha banks co-ordinating the international offering had hoped to arrange a relaunch today. But in a joint statement with Holec, and with UBS Capital and Cinven, the venture capital units which control the company after backing a management buy-out in 1995, they said a "stable aftermarket performance . . . cannot be guaranteed". In its latest form the flotation was aeeking to raise only Fl 106m ($53m).

The outcome will dent the prestige of ABN Amro's year-old equities joint venture with the Rothschild merchant banks of London and Paris. It is a double blow to UBS, which is left bolding 53.4 per cent of Holec. Dutch venture capital specialists said one lesson would be that two years is not always enough to create a sound footing for a company. The result was also takan as evidence that the appetite of Amsterdam stock exchange investors for new paper may be reaching a limit. "It'e the market, not the company," said an ABN Amro official.

Gordon Cramb, Amsterdam

■ INVESTMENT BANKING

MeesPierson plans UK disposal

MeesPierson, the Dutch investment bank, last night confirmed it planned to shed its UK equities businesses and continues derivatives broking as a joint venture. It is understood to be close to agreeing the sale of Shaw & Co, its UK retail stockbroker, to Charles Stanley, another leading retail brokerage.

Staff at the Mees equity research and institutional broking operation, however, were told their business would be closed down. Both UK equities operations have been under threat since MeesPierson was taken over by Fortis, the Dutch-Belgian insurance and banking group. The Mees brokerage was formed in 1993 by a group of brokers, and has developed niches in building, engineering, food retailing and property, while avoiding the most heavily researched sectors such as banks and pharmaceuticals.

"There is a very nice agency business that is going to waste," said Leslie Kent, one of MeesPierson's senior analysts.

George Graham, Banking Editor

■ CONSTRUCTION MATERIALS

Strong first half at Lafarge

Lafarge, the French construction materials group, announced strong growth in sales and operating results for the first half. It said interim sales climbed 21.7 per cent to FFr19.3bn ($3.2bn), while operating income from ordinary activities soared 62 per cent to FFr1.98bn. Net profits were FFr775m compared with FFr545m last time. There was strong growth in revenues from eastern Europe, where this week Lafarge paid about $200m for a 51 per cent stake in Romcim, the Romanian cement company.

The shares closed down slightly, at FFr447.

Anatol Lieven, Bucharest and Agencies

■ INTER MILAN FLOTATION

Global co-ordinator named

Inter Milan, the Italian football club which recently acquired the world's most expensive soccer star, the Brazilian Ronaldo, yesterday took the first step towards a stock market flotation by appointing Morgan Stanley as its global co-ordinator. The US investment bank will be flanked by Interbanca, a subsidiary of the Banca Antoniana Popolare Veneta group. Interbanca has also agreed to acquire a 5 per cent stake in Inter Milan through a capital increase.

Inter Milan is controlled by the Moratti family. Pirelli, the Italian tyre and cables group, also owns a 13.5 per cent stake in the club.

Paul Betts, Milan

■ TOBACCO

Seita falls 8.6%

Seita, the Frencb tobacco group best known for its Gauloises and Gitanes cigarettes, yesterday reported a 8.6 per cent fall from FFr389.6m to FFr356m ($60m) in half-yearly profits. The company blamed mainly higher taxes and one-off items. These included a FFr22m provision for a book loss on the expected disposal of Las Palmas of Paraguay and a provision of FFr10m for computer costs incurred as a result of the so-called millennium time bomb. Operating profit climbed 4.3 per cent from FFr566.8m to FFr591.3m. Turnover advanced 4.6 per cent to FFr8.89bn. The company said it expected to report an increase in annual net profits.

David Owen, Paris

■ BANK HAPOALIM

Sell-off set to be finalised

Israel's parliamentary finance committee will vote on Monday to finalise the state'e sale of a 43 per cent stake in Bank Hapoalim, the country's biggest, to a private investor consortium for $1.37bn. The committee deferred epproval twice this week, claiming the sale agreement signed by the government did not sufficiently protect bank employees.

Avi Machlis, Jerusalem

■ FOOD MANUFACTURING

Eridania to lift non-EU sales

Eridania Béghin-Say, the French-based food group, aims to increase the proportion of its turnover outside the European Union to half of the total over the next five years, the chairman said yesterday. Stefano Meloni said expansion in Eastern Europe, Asia and elsewbere would significantly increase business outside its traditional base in the coming years.

His comments came after publication of the group's first-half results last week, which showed that of sales of FFr30.7bn ($5.2bn), compared with FFr25.9bn last time, 71 per cent were generated in EU countries and 79 per cent in across Europe. Net income rose 15 per cent to FFr855m.

Andrew Jack and Bertrand Benoit, Paris

Top tier boosted at Air Liquide

By Samer Iskandar in Paris

Air Liquide, tbe French industrial gases group, yesterday appointed a new cbief exective, Benoit Potier, alongside its two existing chief executives.

The company said the appointment, following a proposal by Alain Joly, cbairman and chief executive, was aimed at "etrengthening tbe general management team".

The new managerial structure would improve tbe group'e ability to cope with "the increasing complexity of the business", it said.

"Our gronp is growing very quickly and investing bnge amounts," the company added. Investments had trebled in the past few years, from about FFr2.5bn a year between 1992 and 1994 to almost FFr8bn ($1.3bn) in 1995-97.

Mr Potier will continne to sit on the committee whicb decides on long-term investments.

The third chief executive is Gérard Lévy, wbo was confirmed in his position by Mr Joly.

Tbe company aleo announced net profits of FFr1.5bn for the first half, np 12 per cent from tbe same period last year.

Sales rose 11 per cent to FFr18.49bn, of whicb 3.9 percentage points was attribnted to favourable currency fluctuations. Operating income climbed 19.6 per cent to FFr2.32bn, as a result of productivity gains.

Air Liquide said its results had been hit by the French government's decision this summer to increase the corporate tax rate from 36.6 per cent to 41.6 per cent, as part of its efforts to reduce the bndget deficit in order to qnalify for European economic and monetary union. Excluding the tax increase, growth in net profits would bave been almost 15 per cent.

Earlier this week, Mr Joly paid tribute to Jean Delorme – whose father Paul cofounded the company in 1902 – who died last month. Paul Delorme was chairman from 1945 to 1985 and remained a director until May this year.

Tractebel up 7.2% after Powerfin deal

By Neil Buckley in Brussels

Tractebel, the Belgian mixed utility and engineering group, said yesterday the merger with its international development subsidiary Powerfin helped it increase first-half profits 7.2 per cent, from BFr9.18bn to BFr9.84bn ($269m).

The utility group, which holds substantial stakes in Belgium'e electricity and gas monopolies, said the merger would have an immediately favourable effect on earnings, with the simplified group structure helping to cut operating costs.

It said the merger would increase Tractebel's ability to compete for international projects, as well as improving the liquidity of it shares, by increasing the percentage traded on the open market from 33 per cent to 49.6 per cent of total equity.

Shares in the merged group, taking account of a five-for-one share split, begin trading on October 10.

Tractebel said the merger, and changes to the company's articles of association, would "secure tbe respect of the interests of all shareholders", in spite of the merger of its ultimate parent, France'e Compagnie de Suez, with Frencb utility group Lyonnaise des Eaux.

The merger had provoked fears of a possible conflict of interest between Lyonnaise and Tractebel.

Total group turnover, on a pro forma basis, rose 8.9 per cent to BFr184.7bn after absorption of Powerfin. Gross profits grew 9.5 per cent, from BFr10.79bn to BFr11.82bn, while extraordinary items increased from BFr955m to BFr994m.

The contribution of the electricity business in Belgium increased 3.2 per cent, with the total volume of electricity up 2.3 per cent. The gas business in Belgium increased its contribution 3.9 per cent.

The international electricity and gas business, which now operates in 16 countries outside Belgium, increased profits almost-fourfold, from BFr153m to BFr605m, thanks to an increased level of consolidation, as well as a capital gain on the sale of a stake in one project.

Sale denial puts Rossignol on slide

By David Owen in Paris

Shares of Skis Rossignol fell sharply yesterday after the chairman of the world's biggest alpine ski maker said he had no intention of selling the group to Nike, the US sports goods giant.

"I bave no intention of being seduced by Nike or anyone else," said Laurent Boix-Vives at the company's annual general meeting held at Voiron in the foothills of the French Alps.

"I don't envisage at all selling Rossignol shares," be said.

His remarks took an immediate and beavy toll on the group's share price, which ended the day down FFr13.40, or 9.9 per cent, et FFr122.50.

The slide wiped out nearly all the advance chalked up in the nine days since it was announced that rival Salomon, the world's largest manufacturer of ski bindings, was to be taken over by Adidas of Germany in a FFr8bn ($1.3bn) acquisition.

On the day of the deal alone, Skis Rossignol shares rose FFr9.50 to FFr129.50.

The Boix-Vives family controls 41.4 per cent of the group's capital and 59.5 per cent of the voting rights.

In the year to March 31 1997, the company reported a 34.2 per cent decline in net income, from FFr115.7m to FFr76.1m.

Operating profits dropped 4.2 per cent from FFr212.3m to FFr203.4m.

In addition to winter sports, Skis Rossignol is also active in summer sports markets such as golf – wbere it claims to be world leader for wedges – tennis and now roller skates.

The Adidas-Salomon deal is set to create the world's second-biggest sports goods manufacturer after Nike. Under the leadership of Robert-Louis Dreyfus, chairman, Adidas has adopted a more aggressive marketing strategy to match Nike and Reebok, another rival, revamping its product range and focusing on technological innovations.

Group quits Banca di Roma revamp

By James Blitz in Rome

Plans to refinance and privatise Banca dl Roma, Itely's second-largest banking group, were last night undermined after it emerged tbat one of tbe leading organisations involved in the operation was pulling out.

Banca di Roma announced it had broken off talks with Bance Agricola Mantovana (BAM), a leading bank from the Lombardy region, whicb wes due to become ooe of three core sharebolders in the soon-to-he-privatised group.

Eerlier this month, BAM slgned a letter of intent stating that it would buy between 7 and 8 per cent of Banca di Roma's capital as part of the privatisation operation, investing L700bn.

The otber two proposed core shareholders are Toro Assicurazioni, the insurance company controlled by the Fiat car group, and Electronic Data Systems, whicb is based in the US.

Banca di Roma said yesterday that the stance by BAM in negotiations over tbe deal was "not compatible" with the role envissged for it. Furtbermore, it did not match its own plans for the relauncb of tbe banking group.

Banca di Rome eaid it regarded the talks with BAM as closed.

ANSA, the Italian news agency, claimed that in return for its core shareholding, BAM had been demanding an important role in the future management of tbe Banca di Roma.

Other sources claimed that BAM was seeking a role in the nomination of the future chief executive and three seats on Banca di Roma's board.

Banca di Roma said that BAM's move meant it would now increase the pnblic sbare offer planned as part of its overall recapitalisation programme of L3,000bn.

But BAM's move will be seen in Italian financial circles as a serious blow to Banca di Roma'e plans after it recorded a L2,794bn first-half loss earlier this month.

Banca di Roma is currently jointly owned by tbe Iri state holding company and Cassa di Risparmio di Roma, a holding company.

It has been struggling since the early 1990s to pool various Rome-based credit institutes as well as Banca Nazionale dell'Agricoltura, which it controls.

The relaunch of Banca di Roma later this year is being widely seen as a salvage operation.

It will see Iri dispose of its 36.5 per cent direct and indirect stake in the bank. The relaunch will also involve a capital increase of up to 2bn new shares priced at L1,200 to L1,700.

There will be a private placement to the remaining core shareholders and institutional investors and a public offering reserved for current shareholders.

Brisa-Auto surges 63% ahead of November IPO

By Peter Wise in Lisbon

Brisa-Auto Estradas de Portugal, one of Europe's largest motorway operators, yesterday announced a 62.5 per cent increase in first-half profits to Es8.5bn ($46.6m), ahead an initial public offering in November.

The government plans to sell between 25-30 per cent of tbe group, which is 99.7 per cent state-owned, in an offering that analysts expect to raise up to Es60bn.

The group is to increase its share capital from Es26.5bn to Es60bn before the IPO.

Brokers expect the sale to attract strong interest from foreign investors because Brisa's earnings are seen as stable and easy to forecast. "Brisa shares will virtually be tbe equivalent of boods," said one analyst.

The confidence surrounding the sale contrasts with tbe case of Autostrade in Italy, which was to have been floated this year in a sale expected to raise L4,400bn ($2.54bn).

That sell-off hit a snag this week when the public accounts watchdog refused to grant a request that the newly-privatised company be awarded a 40-year concession to run Italy's motorways. The sell-off is likely to be held up until next year.

Brisa, meanwhile, was given a five-year extension to its operating concession, to 2030, and an agreement on compensation for the removal of two toll roads, with a total length of 45km, from the concession.

These two roads are to be added to two new operating concessions, to be awarded in 1998, for motorway systems in the west and north of Portugal. This will end Brisa's effective monopoly.

These factors will be considered in two independent valuations of Brisa by Deutsche Morgan Grenfell and Portugal's Banco Essi. Deutsche Morgan Grenfell and Banco Cisf, the investment banking arm of Banco Comercial Portugués, are global co-ordinators to the offering.

Brisa's network, currently totalling 646km, is scheduled to grow to 1,114km by 2004, when construction of its motorway system will be complete. Expansion will include completion of a motorway link between Lisbon and Madrid.

Toll revenues rose 15.4 per cent in the first half, to Es21.8bn. Turnover, including Es400m from service atations, increased to Es22.4bn, up 14.4 per cent.

Brisa's electronic tolling system, which debits payments from motorists' bank accounts without requiring them to stop at toll stations, accounted for 34.3 per cent of total turnover.

Selling the accountancy super-firm

Prospective Coopers & Lybrand/Price Waterhouse chief executive preaches the good news

Jim Schiro is good at selling. Today he faces his biggest challenge – selling the idea of the global super-firm to his partners in Price Waterhouse, as they consider his plans for a merger with Coopers & Lybrand.

Mr Schiro, a 51-year-old New Yorker, has the almost religious fervour of a born salesman and brings to his pitch the kind of intensity that even his most streetwise partners must find difficult to resist.

As prospective chief executive, he preaches passion and enthusiasm, and is touring the troops in the run-up to the crucial partner votes, now scheduled for November. He is seen as a natural evangelist for the merger – in contrast to the image of Nick Moore, the Coopers man who will be chairman and who is seen as the backroom heavyweight. Mr Schiro is diplomatic about the new team. "I think [Mr Moore] is thoughtful, very studied, extremely smart – probably a lot smarter than me."

Jim Schiro: 'This merger is not driven by cost-cutting or cost–containment it's driven by growth' Brendan Corr

When Mr Schiro says that meeting partners and staff is "one of the joys of his life", it is impossible to detect even a trace of irony. He joined PW in 1961, and knows the firm and its global business backwards. For 20 years, he served large multinational clients with operations in Europe, the UK, Canada and the east Asia.

But now he is on the road selling the plan as one with no losers – only winners. "My job as a leader is to make people feel good about themselves. This merger is not driven by cost-cutting or cost containment – it's driven by growth. We are resource constrained – we don't have enough intellectual capital. But we are not hiring technicians, we are hiring thinkers.

"When you come through Kennedy or Heathrow with your passport, no-one asks how smart you are. There's no accounting for ideas. But that's what's driving most of what gets done today. The biggest asset you are pushing across borders is intellectual capital – that's what clients want." In other words, he seems to be suggesting that the merger will not trigger job cuts – at least beyond natural wastage and fall-out. He also appears to be hinting that in the long term, he will pay better rewards to keep talent.

Although there are few mergers without losers, Mr Schiro has a chance, given buoyant growth and the fact that the two firms are roughly equal on the global stage.

"You have to have a merger of inclusion not exclusion. Some 70 per cent of transactions like this fail – they succeed when the chief executive doesn't ride in like a conquering hero."

Clearly, growth will help pave the way to an amicable merger. PW is enjoying double-digit growth, and Mr Schiro had set a target of $12bn revenue by 2000 – a figure that, coincidentally, is the combined fee income of the merged firm. "So we did it! We can all go home," he grins. He appears uneasy trying to set a target for the merged firm, but hazards 20 per cent growth as a benchmark.

How the firm is organised globally is crucial. Firms have long envied Andersen its international structure, but are now watching as it becomes embroiled in internal disputes over competition and funding. "You can't deny the success Andersen had – but look where that organisation is getting them now," Mr Schiro says.

Asked about the structure he envisages, he answers with practised care: "The partners will work to a shared economic interest." That means cost-sharing and joint investment. "If you don't have that – a mix of rewards and risk – you won't get the behaviour you want."

Where will these profits have come from? He sees a "renaissance" in the accounting profession as it helps open up emerging markets and assists the new multinationals in China, Russia, India, and Latin America seek flotations. "We are getting those economic engines ready for the future," he says.

But it is not all about consultancy and strategic advice. "You have to be investing in accounting and auditing. There is a lot of change and we have to help define it – one of the key drivers will be contemporaneous auditing." Traditional auditing and financial reporting is under great strain. Measuring and controlling the risks associated with financial instruments has accelerated the search for a way to audit companies in real-time. It could be a significant growth area in the next decade.

Mr Schiro's big problem will be keeping the merger on track without destabilising the two existing businesses – and giving rivals the opportunity to pick up either clients or skilled staff. "Clients don't care that you're merging. We have to constantly remind ourselves that the merger is an internal issue – but we have got to get it right."

What of the possible dangers, such as regulators, dissatisfied partners or organisational gridlock? "I haven't thought about that," he says. One could almost believe him.

Jim Kelly

Pearson and Telefónica in media link-up

By David White in Madrid

Telefónica, the Spanish telecommunications group, yesterday confirmed plans for a further move into media through a deal with the UK-based Pearson group.

The agreement includes a Pta23.1bn ($154m) investment by Telefónica in Pearson's Spanish subsidiary, Recoletos, giving it a 20 per cent stake.

At the same time Pearson, owner of the Financial Times, is to become a partner in the Telefónica-controlled television channel Antena 3, taking a 5 per cent stake, through Recoletos, for Pta11.5bn. The operations are to be carried out through the issue of new Recoletos and Antena 3 shares.

The two groups said the aim was to join forces in developing multimedia business in Spain and Latin America.

Apart from its 25 per cent stake in Antena 3, bought two months ago, Telefónica is the main shareholder in a recently-launched digital satellite network in Spain, Vía Digital, and has interests in cable TV in Argentina, Chile and Peru.

The agreement is seen as creating a strong tie with Pearson as a "content provider". It will give Pearson and its Spanish subsidiary access as suppliers to the Spanish stations, and to other Spanish-speaking markets where Telefónica has a powerful presence.

Marjorie Scardino, chief executive of Pearson, said: "Recoletos has been the most startling success story in Spanish publishing over the past decade. The alliance with Telefónica creates opportunities for its growth, across the boundaries of geography and media, that we could not have contemplated on our own."

For Telefónica, the deal confirms a turn in strategy, towards television and other media. It previously said its interest in the sector was limited to that of a technical partner and carrier, without involvement in the provision of programmes. But it made clear yesterday it would follow the example of other leading international operators which were extending their role beyond that of "mere signals carriers".

Its recent involvement in television has sparked a bitter row in the sector, in which is seen as an ally of the centre-right Spanish government against the rival Prisa media group.

The deal with Pearson will add to this controversy, since it marks Telefónica's first foray into print media. Recoletos publishes a series of titles including Marca, the leading Spanish sports newspaper, and the business daily, Expansión.

COMPANIES AND FINANCE: INTERNATIONAL

ABN Amro in Japanese expansion

By Gwen Robinson in Tokyo

ABN Amro, the Dutch bank, is rapidly expanding operations and staffing levels in Japan to take advantage of opportunities under the government's "Big Bang" financial reforms, said Jan Kalff, chairman of the bank's executive board.

The move is the latest signal of growing interest among foreign financial institutions in Japan's capital markets, triggered by planned liberalisation.

ABN Amro is already the biggest foreign commercial bank in Japan in terms of assets. In the past few years, pre-tax profits from Japanese operations have averaged about $30m a year, which Mr Kalff described as "negligible as a percentage of total profit".

But profits were set to surge with Japan's financial liberalisation, he predicted, as the bank developed its asset management and investment banking business, launched new activities such as Japanese equity operations and marketed its skills in areas such as securitisation of assets.

ABN Amro Securities (Japan), its broking arm, is beginning Japanese equity operations after the acquisition earlier this month of a seat on the Tokyo Stock Exchange. In equities alone, the bank plans to more than double staff in the next few months.

ABN Amro's total investment in Big Bang-related reforms will exceed $100m, Mr Kalff said. So far the bank has ploughed about $90m in new capital into its Japanese securities operations, including the cost of TSE membership, he noted. ABN Amro is believed to have paid about $2m for the seat.

Unlike several other foreign financial institutions which have linked up with Japanese counterparts this year in anticipation of increased business, ABN Amro will run a solo operation in Japan for the time being and form a series of relationships with domestic institutions and fund managers, said Mr Kalff.

"In equities, for example, we are aware of the fact we need distribution channels, but we don't want to jump into anything," he said.

Swiss Bank Corporation, he said, had gained good access to pools of funds through its formation of a partnership with Long-Term Credit Bank of Japan. But such commitments can work both ways, Mr Kalff warned.

"Once you have selected a partner, others are no longer your friends. So there are pros and cons to forming such relationships . . . it might be preferable to have lots of ties with Japanese institutions and pension funds, so you have access to a lot of money – of course without any solid guarantees it will stay with you, but we don't feel we need any tie-ups," he said.

Elsewhere in Asia, ABN Amro has won significant new business following the currency turmoil in regional markets, Mr Kalff added.

"We have been in most of these regional countries for a very long time. Private investors and companies in those countries no longer trust local banks, and put their trust in foreign institutions," he said.

Jan Kalff: profits from Japanese operations set to surge after liberalisation of the country's financial sector

Debt concerns dismissed by Ssangyong

By John Burton in Seoul

Ssangyong, South Korea's sixth largest conglomerate, denied rumours of financial problems that sent the Seoul bourse down 1.3 per cent to a six-month low of 647 points.

Ssangyong has been the subject of persistent speculation this year that it is suffering from cash-flow problems due to heavy investments in its loss-making car division.

Ssangyong has blamed the rumours, which it calls "nonsense", on stock market manipulators and industry rivals who want to undermine its entry next month into the Korean passenger car market.

All Ssangyong affiliates listed on the Seoul bourse, which is already jittery about a possible collapse of the Kia motor group, declined by their daily permissible limits yesterday.

Renewed rumours about Ssangyong's alleged financial problems came in response to news agency reports, which were denied by Ssangyong, that Mercedes-Benz had decided not to significantly increase its current 2.6 per cent stake in Ssangyong Motors.

Ssangyong has offered to sell 49 per cent of the car company to foreign investors to help pay off debts of nearly Won3,700bn ($4.05bn). It also plans to sell property and other assets to cut the carmaker's debt burden from 100 times equity at the start of 1997 to 10 times equity by year's end.

Ssangyong and Mercedes-Benz have confirmed that they have been discussing a shareholding increase by the German carmaker.

Ssangyong supplies commercial vans to Mercedes-Benz for the Asian market under a licence agreement. Ssangyong yesterday formally opened its new car plant that will produce a luxury car model, the Chairman, with the technological co-operation of Mercedes-Benz. Production of the Chairman will increase from 3,000 vehicles this year to 50,000 by 1999.

Four South Korean banks this week agreed to extend Won290bn in new loans to Ssangyong. Analysts said the willingness of the banks to lend more funds indicated Ssangyong might be able to avoid a liquidity crunch that has resulted in the recent collapse of several other Korean industrial groups.

● Kia, the troubled Korean car group, is applying for court mediation on protection from creditors for nine more of its units, reports AFX-Asia from Seoul.

Thirteen of Kia's 15 subsidiaries are now under a bank anti-insolvency alliance, seeking court mediation for debt restructuring. Creditors are due to decide today whether to approve Kia's demand for special court protection.

Pacific Century secures loan

By John Ridding in Hong Kong

Pacific Century, the property and financial services group controlled by Richard Li, yesterday completed the financing of its $1bn Tokyo property development with a $288m loan from the Japan Development Bank.

The 25-year loan carries a fixed rate of 2.5 per cent a year, even lower than the 2.8 per cent rate extended by the Japan Development Bank to a consortium led by the Singapore government in April. It compares with a yield of 2.81 per cent on 20-year Japanese government bonds.

The Tokyo project is the group's biggest step in Japan, reflecting its view that the market there is set for a rebound. When it acquired the site in March for $720m, Pacific Century dismissed claims it had overpaid, citing the large gap between property yields and interest rates.

Located near Tokyo station, the development will comprise a 549,000 sq ft office tower. The building is expected to be about 32 storeys, with final designs due within the next few months.

In August, Hutchison Whampoa acquired a 45 per cent stake in the project, on the basis of the original cost price. Richard Li, chairman of Pacific Century, is also deputy chairman of Hutchison Whampoa, one of the main companies in the business empire of his father, Li Ka-shing.

Pacific Century said that it had no plans to alter further its 55 per cent stake in the project.

The Tokyo project is part of Pacific Century's growing property and infrastructure portfolio in the region. The company has almost completed a project in Beijing which comprises two offices, two residential towers and a shopping centre. The 2.2m sq ft development is expected to open by the middle of next year.

In southern China, the company is building 10m sq ft of low-cost housing. Smaller property projects are also under way in Singapore and India.

ASIA-PACIFIC NEWS DIGEST

Nissho Iwai plans securities unit

Nissho Iwai, a Japanese trading house, plans to set up a securities subsidiary by the end of April next year, becoming the first non-financial Japanese group to do so.

The new company will securitise assets for the Nissho Iwai group and its customers, help customers and related venture businesses procure funds, and conduct asset management for the group. It will not engage in conventional brokerage business for general investors.

Nissho Iwai aims to increase the efficiency of capital flow within its group and expand financial services for customers ahead of Japan's "Big Bang" financial deregulation over the next few years. The move would reduce commissions the company now pays to brokerages by several hundred million yen a year. The subsidiary will be capitalised at between Y500m and Y1bn ($4.2m-$8.3m) and have about 20 employees. *AP-DJ, Tokyo*

■ GUANGDONG DEVELOPMENT FUND

Net profits ahead 27%

Net profit at Guangdong Development Fund, the Hong Kong-based company which invests in southern Chinese projects, rose 27 per cent to $3.41m in the first six months of this year. Earnings per share also rose 27 per cent, to 3.52 cents, while net asset value per share crept up from $0.988 to $1.004, the company said. Its shares are listed in London as well as Hong Kong.

A sharp increase in gains on disposal of marketable securities, from $115,800 to $1.7m, partly offset a fall in interest income as the company spent cash on long-term investment. Infrastructure projects continued to generate satisfactory returns, the company said, but in the industrial sector its brewing interests were affected by a decline in the price of malt, while its cement and building materials interests suffered from the lack of upturn in the building sector. *Peter Montagnon, Asia Editor*

■ MARUTI

Suzuki pledges commitment

Suzuki, the Japanese car maker, has no intention of selling its 50 per cent stake in Maruti, its Indian vehicle joint venture, despite the breakdown in relations with its partner, the Indian government, over who will head the company. However, Yoshito Saito, Suzuki executive vice-president, said Indian officials had "misunderstood" the terms of their joint-venture agreement if they thought they could select a managing director who was unacceptable to Suzuki. The government has maintained that Suzuki's consent was not required, but Mr Saito told reporters that "we have the right to concur".

India and Suzuki disagree over the government's selection of R.S.S.L.N. Bhaskarudu as the managing director of India's biggest car maker. Suzuki, which has called Mr Bhaskarudu unfit for the job, has filed a petition challenging the appointment before the International Court of Arbitration in Paris.

Despite the tensions, Mr Saito said Suzuki is still committed to the fast-growing Indian car market, and indicated that the Japanese carmaker hopes to reach a compromise with the government. Other than the choice of Bhaskarudu, Mr Saito said there were no other substantive disagreements between the two partners. *Amy Louise Kazmin, New Delhi*

■ CHUNG HWA DEVELOPMENT

New Targets takes 3% stake

New Targets, a unit of the China National Council of Light Industry which supervises the planning and administration of China's food, beverage and packaging industries, has taken a 3 per cent stake in Chung Hwa Development and plans to exercise options to acquire another 6 per cent. New Targets then will become Chung Hwa's second largest shareholder. Shimada, owned by Martin Kwok, Chung Hwa chairman, remains the largest. *AP-DJ, Hong Kong*

■ SINGAPORE

US bank in mutual fund tie-up

A US and a Singaporean bank have joined forces to launch a mutual fund to allow Singapore investors to put money into western technology stocks. Robertson Stephens, a US investment bank, and Singapore's United Overseas Bank said their United Global Technology Fund would invest about 80 per cent of its assets in the US and Europe and the rest in Asia. Robertson Stephens would manage the fund's western assets, said Daniel Chan, UOB Asset Management managing director. The balance of the new fund, to be managed by UOB, would be spread across a range of Asian markets. *Reuters, Singapore*

The Travelers-Salomon merger: FT reporters examine the implications for the new group and its rivals

■ THE FIT – By Tracy Corrigan

Job cuts set to be spread across several sectors

From a corporate and strategic point of view, Salomon Brothers and Smith Barney look like a good fit. As they said in their joint announcement on Wednesday, Salomon is traditionally strong in fixed income and has a broad international presence, while Smith Barney is strong in equities, retail distribution, municipal finance and asset management.

But the devil is in the detail. Even though there are many areas in which one firm is obviously stronger than the other, botb ara broad-based businesses; ao the estimated 1,500 jobs which may be cut will be spread across a range of product areas.

Analysts in New York estimate that 200-300 jobs will be lost in each of bonds, equities and investment banking, along with several hundred administrative jobs.

These will be almost exclusively in the US, since Smith Barney is essentially a domestic business. Its brokerage business ia also exempt, but there is considerable overlap in their institutional businesses.

Some areas are clear-cut. When rival firms want to put Salomon down, they call it a bond trading house – it is more than this, but fixed income is still its greatest atrength, in spite of the knock the business took in tbe Treasury bond trading scandal of 1991.

Tom Maheras, Salomon's youthful head of bonds, will bead the global fixed income business. He has risen rapidly through the ranks of the firm, whicb he joined straight from college in 1984, and is credited with making "lots of money for the firm" when running its mortgage trading business. His job will be relatively straigbtforward.

Official numbers were not available yesterday, but aources estimate about 200-300 Smitb Barney employees are involved in fixed income. Most are expected to lose their jobs.

More tricky is the equities business, which will be run by Smith Barney's Steven Black, and investment banking, which will be run by Salomon's Eduardo Mestre.

Several hundred jobs are likely to be lost in each of thasa areas, sources say, with Salomon bearing the brunt of the losses in equities (though those involved in international origination and distribution will be more secure).

"They both bave both institutional equities and M&A, and that's where some of the more difficult decisions are going lo be made," said Raphael Solfer, financial industry analyst at Brown Brothers Harriman.

Tbe firms' investment banking and researcb teams, wbich focus on specific industry sectors and work closely together, have considerable overlap.

"There has to be some picking and choosing," said Ricbard Barrett, bead of financial institutions at UBS Securities in New York, and a former Salomon banker.

Smith Baroay is widely acknowledged to be strong in healthcare, which means that its healthcare team is likely to remain intact, while Salomon is acknowledged to be strong in media and telecommunications.

Judging by Wednesday's presentation to analysts - from wbich media were excluded – tbe powers-that-be have already given some thought to the split.

According to analysts present at the meeting, one slide outlined the "complementary capabilities" of the investment banking businesses, with Salomon described as being strong in gaming, industrial companies, media, telecommunications, oetural resources and power and transportation. Smitb Barney's strengths were said to be in energy, financial entrepreneurs, bealthcare, insurance and property.

Bankers familiar with Mr Black believe he is likely to wait until next montb's Institutional Investor magazine publisbes its league table of top-rated analysts before picking tbrough research analysts.

"He is only concerned about the Institutional Investor rankings," said one former member of staff.

Observers say that weeding through the investment banking business will be the most difficult task. Mr Mestre, according to one banker is "a deal guy", wbo will bave a tricky management problem on his hands.

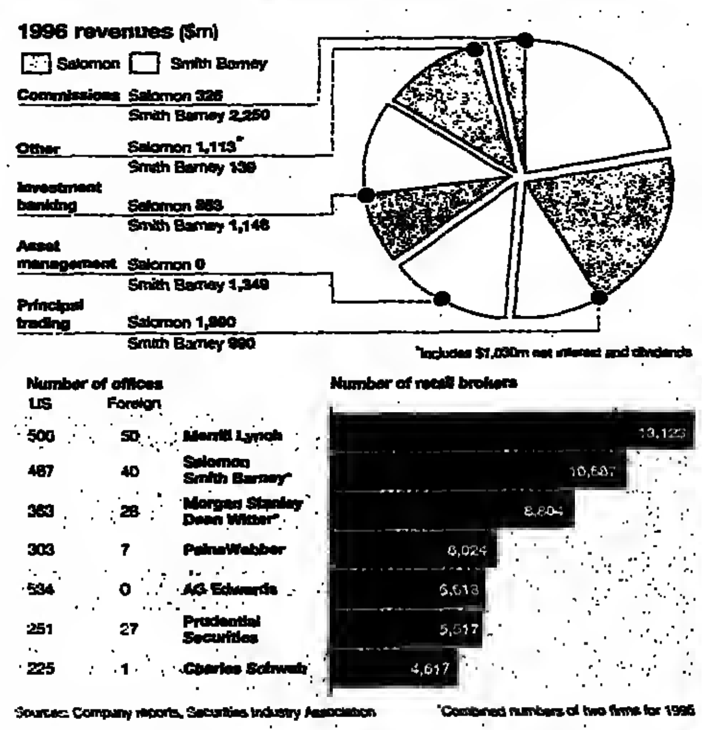
Thia leaves proprietary trading, run by Shigeru Myojin, of Salomon. Althougb the amount of capital committed to proprietary trading has been reined in and remuneration pegged to longer-term performance, tbere are still doubts about wbether this fits with the other businesses of Sandy Weill's Travelers Group.

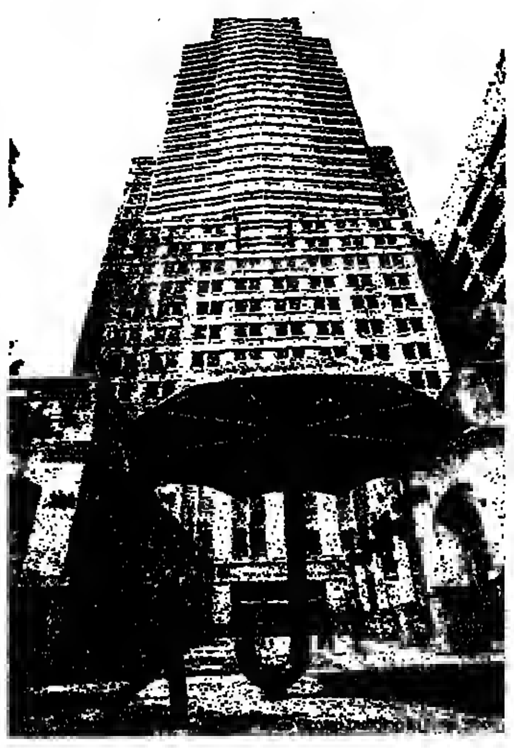
There are similar doubts over Phibro, Salomon's oil-trading business, which has already been radically restructured.

One seasoned beadhunter summed up the cballenge: "The problem is not just that there will be 1,500 jobs to cut – the difficulty is adverse selection.

"Unfortunately, what happens is your most marketable people jump."

Salomon Smith Barney: under one umbrella





■ MEN AT THE TOP – By John Authers and William Lewis

Friends, colleagues, loyalties

There is a joke doing the rounds of Wall Street about the two key executives at the newly formed Salomon Smith Barney. Some investment bankers think it may prove prophetic.

James Dimon, co-chief executive officer of Salomon Smith Barney, walks into the office of Deryck Maughan, his co-chief executive. "Hey Deryck," he says. "The preeident and chief operating officer of Travelers Group wants to see you."

Both men get np and walk into the next door office wbere Mr Dimon takes a seat behind tbe desk. Mr Dimon, who is president and chief operating officer of Travelers, says: "Sorry Deryck, I have to tell you that it is not working out and I am going to have to let you go."

For Wall Street investment bankers obsessed with personality clashes there is currently only one topic in town: bow long it will be before Mr Dimon and Mr Maughan fall out, and Mr Maughan leaves.

Even though Mr Maughan, who is chief executiva of Salomon, has been named a vice-chairman and a director of Travelers, nobody seems to doubt that Mr Dimon will be the victor in any clash.

"Deryck is going to have to tread pretty damn carefully because if it comes to it he is not going to be the victor," said one executive at a US investment bank.

The reason is clear – Mr Dimon has the ear of Sandy Weill, chairman of Travelers and the architect of tha group's extraordinary growth. An old family friend, Mr Dimon, 41, has been at Mr Weill'a eide since ha left Harvard Business Scbool, and is strongly tipped to take over wben Mr Weill eventually steps down.

Turning down an opportunity to work in investment banking at Goldman Sachs, Mr Dimon balved his pay to work as Mr Weill's assistant at American Express.

The relationship has persisted since, with Mr Dimon intimately involved at every stage of the developments that bave created Travelers.

The relationship is so close that it has survived the departure of Mr Weill's own daughter, Jessica Bibliowicz, who quit as bead of mutual funds for Smith Barney this year amid speculation that she found it impossible to work with Mr Dimon.

One banker who bas worked with Mr Dimon described him as "intense, focused and pretty damn sure of himself". He has developed a reputation as a fierce cost-cutter and is described by one headhunter as "hard as nails, takes no prisoners".

An incident from Smith Barney's recent past might offer some clues as to Mr Maughan'e likely future. In an attempt to boost its investment banking business, Smith Barney in 1993 hired Bob Greenhill from Morgan Stanley, a revered figure in Wall Street.

Mr Greenhill brought several former colleagues with him. But Smith Barney began to slip in the mergers and acquisitions laague tables, and the company had well-publicised internal disputes. Wall Street started to refer to Smith Barney as "Bosnia" as rumours of trouble proliferated.

At tha beginning of last year, Mr Greenhill left suddenly, and Mr Dimon replaced him as chief executive, saying that investment banking would be a "personal focal point".

Finally, Mr Dimon seems likely to defend the Smith Barney culture, as he has its blood in his veins.

His father was also a career broker for the firm, and was one of the first employees to congratulate Mr Dimon wben be was made chairman and cbiaf executive at the beginning of last year.

He asked his son: "May I still call you directly to complain?"


Architect: Sandy Weill bas driven Travelers' growth

■ EUROPEAN REACTION – By George Graham

Rivals see no reason to panic

European investment banks were poised yesterday to pick up the staff and business they believe will be let go as a result of Wednesday's $9bn acquisition of Salomon Brothers by Travelers Group.

"Tbere is no doobt the merger will leave quite a lot of people spare in the US," said one investment banker in London.

The combination of Salomon with Travelers' Smith Barney brokerage, coming so soon after the merger of Morgan Stanley with Dean Witter, bas again raised questions about the ability of European investment banks to compete in the US, the world's largest investment banking market.

A number of European banks with ambitions to rank among the world leaders in investment have developed capacity to distribute European or emerging market securities to US investors, but few can boast significant US distribution strength.

Does this increase the pressure on European investment banks to follow the lead of Swiss Bank Corporation, which recently agreed to buy Dillon Read?

"This is not a time to get panicky. You migbt see some 'me-too' deals, but they are more likely to come from the US commercial banks than from the Europeans," said one London banker.

Alan Yarrow, head of equities at Dresdner Kleinwort Benson in London, said European banks could get access to US distribution without taking over a US broker.

"You don't have to buy. Thera are many ways of skinning this cat," he said. He pointed to Salomon's distribution arrangement with Fidelity, the fund management and investment group.

Few inveatment banks, moreover, believe tbat the Travelers-Salomon deal significantly changes their competitive position.

"We never thought Smith Barney was for sale, and nor did the other Europeans. We certainly weren't looking at Salomon, because that is not what we needed," said one.

Salomon's principal strength – fixed-income trading – is one of the areas wbere Europeans sucb as Credit Suisse First Boston, Deutsche Morgan Grenfell or ABN Amro have been most successful, and have least to expand.

Outside the US, Salomon has some areas of strength, particularly in Japan and Latin America.

It was the leading mergers and acquisitions adviser in Latin America in the first half of this year with deals worth $5.5bn, according to Securities Data. It is also the leader in Latin American ADR issues.

It is a significant force in Tokyo, and bas a number of nicbes in Asian structured finance.

In Europe and the emerging markets, however, Salomon bas not matched tbe progress made by Merrill Lynch or Morgan Stanley, or by the leading European investment banks struggling with corporate finance deals such as the Formula One Holdings flotation.

It is not clear that tbe addition of Smith Barney's US distribution or Travelers' capital resources will make much difference to this.

"I don't think Salomon will get one extra deal in Europe because of this deal," said a London competitor.

■ FIDELITY INVESTMENTS – By John Authers

Salomon alliance to continue

Fidelity Investments, tbe world's largest mutual fund manager, yesterday confirmed it expected to continue its strategic alliance with Salomon Brotbers, denying speculation the relationship would end following Salomon's merger witb Smitb Barney.

Fidelity said: "From our point of view, it's full speed ahead. The relationship with Salomon is going extremely well and tbe merger will only enhance what we will be able to offer to our retail customers."

Under the arrangement, which atarted in January, Fidelity has exclusive rights to offer a proportion of initial public offerings underwritten by Salomon to its retail clients, and also provides them with Salomon research. It provides a valuable extra source of distribution for Salomon, which is primarily a wbolesale distributor.

Smith Barney also has a atrong bias towards retail distribution. However, Fidelity said there was still littla overlap between tbe two firms' customers. Fidelity's tend to be more self-directed individual investors. The company also pointed out that Smith Barney and Fidelity already offered each other'a funds to their clients, and that it made "strategic good sense" for both to continue to do so.

The Salomon-Smith Barney merger came on the same day that Paul Hondros, who occupied the key position of Fidelity'a bead of retail operations, announced he was resigning to join Pilgrim Baxter, a mucb smaller mutual fund operation based in Pennsylvania.

Fidelity said it regretted that Mr Hondros was leaving. James Curvey, Fidelity's chief operating officer, takes over as bead of retail, but the company said it was looking for a successor, and that its management structure – changed several times in the past two years – would remain unaffected.

Mr Hondros spearheaded Fidelity's efforts to build its businass as a broker for otber companies' funds, departing from the tradition of marketing only its own products. Tbis bas seen it invest heavily in on-line technology.

Pilgrim Baxter grew faster than any other mutual fund company last year, on the back of outstanding performances by its funds, best known for aggressive investment strategies looking for small "growth" stocks.

US corporate bond debt surges

By John Labate in New York

US corporate bond debt rose 54 per cent in the three months ending in August, compared with the sama period in 1996, according to Moody's Investors Service.

More than $70bn in new corporate debt instruments were issned during the three-month period, a figure that does not incinda bonds backed by financial assets such as mortgages.

From the beginning of the year to mid-September, corporate bond issuance was nearly 18 per cent above 1996 levels, reflecting flat growth in tha first five months before a surge from June.

"A lot of issners hava responded to the dip in fixed [interest] rates," said John Lonski, senior economist at Moody's in New York.

Demand, especially from overseas investors, was strong, in part because of the reduced borrowing needs of the US Treasury as a result of the shrinking US budget deficit. July was an especially strong month for corporate bonds, as long-term interest rates, measured by the benchmark 30-year Treasury bond yield, dipped below 6.3 per cent.

High-yield, or junk bond, deals continue to account for the fastest growth.

"Clearly the rise is being driven by the high-yield part of the market," said Diane Vazza, director of fixed income research at Standard & Poor's. High-yield issues in the year to date bave already topped the previous record of $68bn, set last year.

Analysts say there are several reasons for the recent rises in corporate bond issues. Although new public companies account for much of tha increase, large companies looking to restructure debt have also been active.

In addition, falling long-term interest rates have led to a narrowing of tha apread batween long and short-term rates, making long-tarm dabt a more affordable alternative to shortar-term commercial paper or bank lending.

"The relativa cost of locking in long-term financing is clearly lower than it used to be," said Dennis Adler, bond analyst at Salomon.

GE unit to form link with Sea Containers

By Charles Batchelor, Transport Correspondent

GE Capital Services and Sea Containers are to create a joint venture, GE SeaCo, to manage their marine activities in a move which will create a stronger number two in the world container market.

The deal, which the two sides expect to complete by the end of the year, will bring together GE's Genstar Container Corporation, with just under 1m containers, and Sea's fleet of 280,000. Sea also has ferry, train and hotel interests.

Genstar is number two in the world rankings after Transamerica Leasing with 1.43m containers, while Sea ranks number seven. Genstar operates mainly standard dry cargo and refrigerated containers while Sea has mainly specialised units.

The merger was intended to allow "substantial savings" in operating and overhead costs and would improve the two companies' profitability in a sector where margins had been under pressure, James Sherwood, Sea's president said.

The combined fleets had rental revenues of $590m in 1996 from containers representing an original investment of $3.5bn. GE Capital will receive 70 per cent of profits from the existing fleet with 30 per cent going to Sea, a split based on their respective earnings figures.

GE SeaCo plans to buy $200m of new containers in 1998 and the earnings from these containers will be divided equally between the two parent companies.

GE Capital is to invest $10m in newly-issued Sea class A common shares and $15m in a new issue of 7.25 per cent preferred shares convertible into class B common shares in a move which, after conversion, would give GE Capital a 5½ per cent stake in Sea.

These funds may be used to redeem Sea's outstanding $2.10 cumulativa preferred shares of 1982 totalling $27.6m.

Sears puts British Shoe on market

By David Blackwell

Sears yesterday slapped a sale notice on British Shoe Corporation, the lossmaking chain that once boasted of selling one in avary four pairs of shoes in the UK.

The troubled retailing group also tumbled £98.3m ($158m) into the red at the half-way stage, compared with a £2.5m profit in the same period last year.

British Shoe includes the fashion chains Dolcis and Cable & Co, the out-of-town stores Shoe City, and Shoe Express, the high street self-service format created by Liam Strong, Sears' former chief executive.

Sears will first close 150 Shoe Express stores and sell the remaining 190 as a continuing business.

The disposal of British Shoe is expected to involve provisions totalling £150m – an £80m provision was taken in the first half and £70m will follow in the second. Up to 700 jobs will go.

Sir Bob Reid, Sears' chairman, said the group already had many expressions of interest. The footwear business lost £19.6m in the six months to July 31.

Analysts, disappointed with Sears' trading figures, cut up to £16m from full-year profits forecasts, which now stand at about £42m, excluding any pension credits. They were surprised by the downturn in operating profits at Selfridges from £13.4m to £10.4m on flat sales of £131.9m.

Sir Bob described the outcome there as "a major achievement" considering that 12 per cent of the selling space in the flagship Oxford Street store was out of action while the escalators were replaced.

Sears' board is awaiting the government's decision – likely to come in the next six to eight weeks – on the investigation by the Monopolies and Mergers Commission, tha UK competition regulator, into the proposed sale of Freemans, its mail order business, to Littlewoods. It has promised shareholders a special £370m payout following tha disposal.

Sir Bob said that if the deal was not cleared, Freemans would be taken off the market. The group would then aim for a listing in 12 to 18 months.

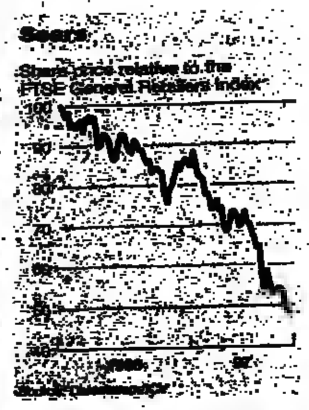
Analysts suggested that a flotation would raise as much as £170m less than the disposal. Tony Shiret, retail analyst with BZW, said Sears' shares – down ½p to 58p last night – had already discounted a lot of the negatives, but could fall further if the Freemans deal fell through.

Mr Richard Hyman, of Verdict, the retail analyst group, said British Shoe's share of the shoe market had fallen in 10 years from 25 to 8 per cent and was still declining. The group had lost out to retailers such as Next and River Island, which realised that shoes could be sold as part of a fashion package. Nevertheless, it was "ineptitude on a pretty grand scale" to lose such a commanding market position.

Sears' total interim trading profits were £1.5m, including a pension credit of £3.6m. Sales fell from £908.4m to £857.6m. Tha interim dividend was kept at 1.05p, while the loss per share was 6.2p, compared with previous earnings of 3.8p.

LEX COMMENT

Sears



Just fiva months ago, Sears shareholders were looking forward to a payout of 80p-85p a share from the proposed break-up of the troubled retail conglomerate. Yesterday that value was heading south at breakneck speed. This is partly because trading disappointments at Selfridges could depress valuations when it is demerged next spring. But that cannot account for the valuations sinking to around 66p. The larger factor is the growing fear that the government will block the £375m sale of mail order house, Freemans, to rival Littlewoods.

The fears may well be exaggerated. The government's main concern appears to be that the enlarged company could exploit its financially constrained customers, who rely on mail order for credit. But the vast majority in fact have access to other sources of credit. And of the 10-15 per cent who remain, it is hard to see what sort of power Freemans/Littlewoods could exercise which would not alienate its other customers. True, it could publish a special catalogue for that dependent core, with more onerous financing terms than those on offer for more credit-worthy customers. But that would be expensive, and sure to fall foul of the government.

There is, of course, another more valid reason for the drop in expectations as the group nears D- (for demerger) day. Over the last few years Sears has failed to meet the majority of targets it has set itself. It is difficult to escape the conclusion that, in this respect at least, Sears will prove consistent.

Redland chief 'has got to go'

By Andrew Edgecliffe-Johnson

Robert Napier, the chief executive of Redland since 1991, faced a chorus of calls for his resignation yesterday from institutional shareholders furious at news of worse than expected trading from the building materials group.

Redland's shares, which stood at 634p in January 1994, fell 61½p to a new low of 220p.

Yesterday's interim results showed that pre-tax profits slumped from £95.5m ($153.8m) to £34.5m, due partly to the strength of sterling and write-offs from recent disposals. Turnover was down 11 per cent at £1.05bn.

One senior fund manager, who declined to be identified, said of Mr Napier: "The man has got to go. Let's get rid of him. Market conditions may be tough, but others are making a better fist of it." A second large investor added: "It's going to be difficult for him now. I think this is a bridge too far."

Mr Napier said: "The institutions are probably calling for my head and for sacrificial lambs, but what would another management have done that's materially different and better?" His meetings with shareholders were sometimes "quite violent", he said.

An executive at a large insurer said that Redland's announcement of a 16 per cent drop in recent German turnover was "damning". The news came six months after Rudolph Agnew, the chairman, told shareholders: "Redland is not greatly exposed to those sectors of the German construction market which are forecast to fall most sharply in 1997."

Mr Napier announced that Redland was seeking cost savings of DM100m ($56.4m) in its continental European roof tiles joint venture, RBB – equivalent to more than 10 per cent of its cost base.

Brendan Corr

Robert Napier: has had 'violent' meetings with investors

The cuts follow a DM54m programme of cuts which cost 550 jobs. Mr Napier would not say how many more jobs were at risk, nor what the efficiency programme's cost would be.

Further costs of DM30m-DM40m will stem from the closure, announced yesterday, of the lossmaking German studio windows unit.

Market conditions in French aggregates deteriorated further, and Redland is seeking to merge its Granulates business with the French group, Lafarge. This would create heavy write-offs, including £53m for goodwill.

The business was bought in Redland's £1bn acquisition of Steetley in 1992, which Mr Napier has since described as "a disaster".

Mr Napier said he would not seek to merge with another UK aggregates business except "from a position of strength".

He conceded: "Wa should perhaps hava taken a tougher line with RBB or the fixed cost base three months earlier," but said it had been difficult to persuade tha German management to adapt.

Many analysts joined the calls for Mr Napier's departure and cut their profit forecasts. Schroders forecast profits of £210m and earnings of 21p in 1997, rising to £220m and 21.5p the following year.

Lex, Page 14

Shares in Boosey drop 12%

By Emiko Terazono

Shares in Boosey & Hawkes, the music publisher and instrument maker, lost 112½p to 887½p yesterday as the company announced that potential buyers of Carl Fischer, its leading shareholder, were indicating interest "materially below" the share price.

The 12 per cent drop brings the shares close to the levels before New York-based Fischer, which owns 45.3 per cent of Boosey, put itself up for sale in April after the death last year of Walter Connor, its president and Boosey's non-executive chairman.

Boosey's shares, which were a little under 800p before the April announcement, hit a high of £10.62½ in August. Yesterday's decline values the company at about £165m.

The privately-owned Fischer is believed to have been in talks with between four and six companies, including Bertelsmann, EMI, PolyGram and Steinway/Selmer. The bidder for Fischer is required to make a public offer for the rest of the stake in Boosey.

The buyer of Fischer is likely to break up Boosey, which had pre-tax profits of £7.7m ($12.4m) last year on sales of £94.4m.

Alvis pays £75m in Swedish deal

By Alexander Nicoll in London and Tim Burt in Stockholm

Alvis, the armoured vehicle maker, is more than doubling its size through the £75m ($120.75m) acquisition of Hägglunds, a Swedish manufacturer of combat vehicles, in a move designed to give it a stronger position in the European defence equipment industry.

The purchase is being partly funded by a one-for-four rights issue at 120p to raise a net £20.1m. The City responded warmly, boosting the shares to 141p, up 7½p.

Hägglunds is being sold by Incentive, the industrial arm of Sweden's Wallenberg family, which is quitting engineering to focus on medical equipment and clinical care.

Nick Prest, chairman of Alvis, which makes Scorpion and Stormer armoured vehicles and Unipower specialist military vehicles, said the acquisition would give it a broader range, a stable order book, and a better chance in contract tenders.

"There is hardly a better fit in Europe between two businesses," he said. Hägglunds makes the CV90 infantry fighting vehicle and the BV 206 all-terrain carrier, neither of which competes directly with Alvis products.

Hägglunds, of which the Swedish and Norwegian governments are important customers, brings a confirmed order book of £369m, against Alvis' £150m. Hägglunds' turnover in 1996 was SKr1.26bn ($167m) and pre-tax profit was SKr143m.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alpha Airports	6 mths to July 31	341.9	(323.2)	14♥	(10)	6	(3.85)	1.84	Nov 19	1.75	-	5.25
Antofagasta	6 mths to June 30	82.3	(95.2)	28.6♥	(27)	13.4	(11.9)	2.25	Dec 4	2	-	6.5
Ashley (Laura)	5 mths to July 26	174.6	(158.1)	4.5L	(5.2)	1.84L	(1.43)	nil	-	0.4	-	1
Ashtenne	6 mths to June 30⚹	5.38	(5.82)	3.02	(2.83)	5.5	(3.3)	2	Nov 28	-	-	-
Avis Europe	6 mths to Aug 31	267.5	(275.6)	40.9	(30.7)	5.8	(4.6)	1.25✻	Nov 26	nil	-	nil
Baynes (Charles)	6 mths to June 30	128.1	(126.3)	10.6	(10.5)	4.03	(3.84)	1.15	Nov 1	1.05	-	2.9
Belhaven	Yr to June 30	27.6	(20.6)	1.12	(1.321♦)	2.5	(2.9L)	nil	-	nil	nil	nil
Bourne End Props	6 mths to June 30	7.6☐	(7.51☐)	0.226♦	(0.386)	0.21†	(0.5)	0.55	Jan 6	0.55	-	1.2
Cambridge MineralΦ	6 mths to June 30	-	(-)	0.111L	(0.022L)	0.51L	(0.24L)	-	-	-	-	-
Edinburgh Fund	6 mths to July 31	16	(15.1)	11.4♥	(3.49♦)	26.5	(8.2)	8‡	Nov 3	8	-	25
EIS	6 mths to June 30	265.1	(265.7)	19.5♥	(11.3)	20.5	(14.4)	3.7	Jan 6	3.9	-	13.5
EW Fact	6 mths to June 30	6.59	(5.49)	0.768	(0.932)	2.8	(3.4)	0.9	Nov 14	0.9	-	2
Hewden Stuart	6 mths to July 31	148.5	(141.8)	18.9	(14.7)	4.9	(3.56)	1	Dec 11	0.8	-	3.2
Hill Owen	6 mths to June 30	187.8	(169.9)	2.15	(1.08)	0.85	(0.48)	0.4	Oct 31	0.33	-	0.66
JBA	6 mths to June 30★	88.1	(66)	1.3L	(2.42L)	2.56L	(4.03L)	1.25	Jan 8	1.1	-	5.1
Lowrie Φ	6 mths to June 30	105	(101.3)	5.82	(2.64)	122.06	(15.89)	18	Nov 12	18	-	93
More	6 mths to June 30	66.2	(47.8)	12.7♥	(8.16)	24†	(12.2)	3.9	Nov 10	3.6	-	15
Norcor	6 mths to June 30	19.1	(24.9)	0.751	(0.345)	2.1	(0.9)	1.1	Nov 21	1.1	-	3.1
Oliver	6 mths to Aug 2	34.6	(30.9)	1.89L	(9.11)	7.46L	(36.01)	-	-	-	-	-
Pembertons	6 mths to June 30	4.85	(4)	1.47	(1.13♥)	3	(3.8)	1.1	Nov 5	1	-	3
Polydec Φ	6 mths to June 30	0.12	(0.35)	0.78L	(0.27L)	4L	(2L)	-	-	-	-	-
Polymasc Φ	6 mths to June 30✦	0.2	(0.08)	0.469L	(0.508L)	2.3L†	(4L)	-	-	-	-	-
Redland	6 mths to June 30	1,048	(1,184)	34.5♦	(95.5♥)	0.5	(9.4)	5.5✻	Dec 15	5.5	-	16.67
Renishaw	Yr to June 30	81.4	(77.1)	18♥	(20.1)	18.4	(21.9)	5.76*	Nov 24	4.8*	8.55	7.21*
Sears	6 mths to July 31	857.6	(908.4)	98.3L♦	(2.5♦)	6.2L	(nil)	1.05	Dec 5	1.05	-	3.95
Trafford Park	Yr to June 30	12.4	(10.3)	6.9	(7.18)	8.92	(7.31)	2.8	Nov 18	2.55	3.9	3.6

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&C US Smaller	Yr to June 30 ★	175.75	(157.85)	0.103L	(0.197L)	0.21L	(0.39L)	-	-	-	-	-
F&C Pacific	6 mths to July 31	195.57	(188.26)	2.09	(2.52)	0.91	(1.1)	0.8	Nov 7	0.8	-	1.85
Premium Trust	Yr to Aug 31	128.22	(107.99)	0.848	(0.842)	4.28	(4.25)	2.5	Nov 26	2.3	4	3.8
Schroder Split	6 mths to July 31	130.2	(119.1#)	2.73	(2.51)	4.82	(4.49)	2.1	Sept 30	2	-	8.2

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♦After exceptional charge. ♥After exceptional credit. ⚹Turnover and profit figures pro forma. †On increased capital. ‡On reduced capital. ✻Foreign Income dividend. ☐Rental income. ΦAim stock. ★Comparatives restated. ✦Comparatives for 11 months. *After adjustment for scrip issue. #At January 31.

Hopes for price rises at Avis Europe

By Charis Gresser

Avis Europe, the car rental group, yesterday held out the hope of modest prices rises to come, as competition eases across Europe.

Alun Cathcart, chairman and chief executive, said there was more of a "level playing field" in the market because its main rivals were now publicly quoted businesses with shareholders to satisfy. He added that prices were unlikely to rise this year, but could see "cautious growth" next year.

Avis Europe, which returned to the London stock market in the spring after an eight-year absence, reported maiden interim pre-tax profits of £40.9m (£30.7m). Revenues fell 3 per cent to £267.5m as a result of the strength of sterling.

To strip out the impact of currency movements, which hit profits on translation, the company also reports in European Currency Units. In Ecus, pre-tax profits rose 57.2 per cent and revenues 13.6 per cent.

Trading was strong across most sectors, with volumes up 20 per cent in leisure and replacement rentals.

Because of faster growth in leisure rentals, as opposed to corporate, revenue per day fell 2.8 per cent, excluding currency movements. Rental lengths, however, rose about 5 per cent, which pushes up revenues per transaction. This is because the longer a car is rented, the less Avis spends servicing it for a new customer.

Avis said it had pushed through a 5.4 per cent rise in productivity, which it measures as a ratio of total employees to the number of transactions. This, combined with a 2 percentage point rise in fleet utilisation to 62 per cent, helped lift operating margins from 19.7 per cent to 21.3 per cent.

The company also said it had renegotiated its contract with BAA to operate a site at Heathrow, its largest UK operation, but declined to put a value to the contract.

Soft copper price hits Antofagasta

By Kenneth Gooding, Mining Correspondent

Sterling's strength against the dollar and lower copper prices slowed the advance in half-year profits at Antofagasta Holdings, the London-listed group with mining, railway and water activities in Chile.

Pre-tax profits increased from £27m ($46m) to £28.6m.

Demand for copper was strong but rises in global stocks during the northern hemisphere summer had been larger than usual "suggesting the copper price is unlikely to recover significantly in the short term".

Nevertheless, "we anticipate satisfactory results in the second half, both from mining and transportation operations and from our investment in Quiñenco" (an investment vehicle for Chile's Luksic family, which also controls Antofagasta). Antofagasta owns 33.61 per cent of Quiñenco.

The pound's rise against the dollar reduced profits by 6.1 per cent compared with the first half of 1996. In dollar terms the half year pre-tax result would have been $46.6m against $41.3m.

Mining turnover fell from £83.6m to £67.4m, after the Cerro Negro copper mine in December. Operating profit fell from £17m to £10.8m, while copper production was 41,700 tonnes, down from 44,600 tonnes.

Railway turnovar increased from £11.6m to £14.9m and operating profit jumped to £5.8m (£2.1m).

Antofagasta expected environmental approval and completion of financing for the big Los Pelambres copper project next month. In August investors approved the sale of 40 per cent of the project to two Japanese consortia. Also in August the group raised £121.4m by a placing and open offer, partly to finance Los Pelambres.

Earnings per share rose from 11.9p to 13.4p. Antofagasta is lifting the interim dividend from 2p to 2.25p.

MANAGEMENT

What do the US Senate and Harley-Davidson have in common? **Mark Suzman** finds out

On the bike track

Apart from thair shared status as American icons, the connection between Harley-Davidson and the US Senate is not immediately obvious. But for law-makers on Capitol Hill there is one link – next month the senior chamber of Congress will launch a radical management system, and the model for the restructure is nnne other than the renowned motorcycle manufacturer.

It is an unprecedented and somewhat counter-intuitive plan for the world's most powerful legislature, but Gregory Casey, Senate sergeant-at-arms and the driving force behind the change, is undeterred. "I came across a presentation by Harley-Davidson showing how it had turned the company around and I thought 'This is what we're like: an organisation characterised by poor morale, an outdated structure and in desperate need of improvement'," be says. "So I've stolen a big chunk of what they did. It makes good sense."

This is a contention disputed by some Senate staff, who are suspicious of the changes. Nevertheless, there are few who doubt that the Senate's day-to-day business is in serious need of an overhaul. It is more than 20 years since the first report was published condemning it as an "antiquated unmanageahle aystem" and warning that many practices designed at the turn of the 19th century were no longer suitable.

But each attempt to navigate the institution into the modern world foundered on the rocks of tradition and inertia. As US businesses have re-engineered and even the federal government sought to reinvent itself, Congress has remained steadily aloof.

> **'An organisation characterised by poor morale, an outdated structure and in need of improvement'**

This finally changed last year, when Trent Lott took over from Boh Dole as Senate majority leader. In Septemher, be appointed Mr Casey with a brief to revamp the office's operations. Since then, the Idaho native who calls himself "Mr Organisation" has heen waging a non-stop battle to push his plans through.

It is a daunting task. With a $120m (£75.4m) budget and more than 800 staff, the sergeant-at-arms is responsible for everything from providing full office service for senators to monitoring door keepers and the Capitol police.

To make matters worse, the departments have traditionally operated independently, because they developed at different times in the Senate's history.

"The office was run as a vertical, non-integrated stovepipe and even logical fits like telecommunications and computing ran separately from each other," says Mr Casey. "I had nearly 100 people who reported directly to me and didn't talk to each other. It was ridiculous and hugely inefficient."

As a former Senate aide, he was aware of the problems he faced. He organised a full audit and report from an external team of advisers before turning to Harley-Davidson and its vision of restructuring to become more customer-focused and service-driven. "We don't make widgets – we deliver services to senators. They are our customers and serving them is a labour-intensive task," Mr Casey says. "To improve service we have to work at using labour in the most efficient wey possible and for that I learned I have to blow up the infrastructure."

The main element of the demolition is restructuring the organisational tree. First, all departments are being subsumed into three divisions – the Capitol, staff offices, and operations. Each section will have streamlined administrative structures, underpinned hy a combined IT and telecoms department with a centralised database.

Mr Casey is also trying to shift the psychological approach of his staff. He has hired customer service officers, inatituted project tracking and set up a quality assurance council. He is making a heavy investment in training for managers, preparing them for tasks such as employee evaluations and monitoring staff performance.

With so much upheaval, there bave been morale problems. Many employees are nervous that the reorganisation is simply camouflage for joh cuts. But Mr Casey has mollified them with promises that restructuring will not lead to joh losses – anyone made redundant will be offered retraining and a new post.

The top level of new managers is now in place, but the real test will happen when implementation of the overall system begins next week. The process is expected to last three months, but Mr Casey admits there are likely to be teething problems, which is why the change has been scheduled for the second session of Congress. With no elections – and hence no office moves – external disruption shnuld be minimal.

Meanwhile, the restructuring has already produced results. Although he was not asked to cut his hudget, Mr Casey has brought operating costs down to $97m this year from $119m previously, mainly through leaving vacant posts unfilled. He says there is scope for improvement, hut that extra savings will be spent on infrastructure to help bolster the new system.

"This is an institution that does not subject itself to change easily, hut I do not fear failure," he says. "The fact is everybody knows the old system is hroken and while the new system may not work perfectly, it will definitely be much better than what we've got."

Even if everything does not go perfectly to plan, the Senate sbould still be better equipped to try to emulate Harley-Davidson's classic hikes in another, more challenging way – earning the respect and affection of the American puhlic.

Many employees feel their efforts are going unrecognised

Workers seek their just rewards

US employees who responded to corporate downsizing and to increased jnb insecurity by working harder do not feel their efforts are being recognised or rewarded now the economy is buoyant.

That is one of the main conclusions of a survey of 2,500 employees in large US companies by Towers Perrin, the management consultancy, which found a growing gap between the attitndes of employees and employers towards thair work.

Grace Borrelli, a partner in the London office of Towers Perrin, said similar research was being conducted among European employees. "Early indications show that while employees are motivated to help their company succeed, they are concerned that their employers are not behaving fairly, particularly in rewarding top performers and in meeting training needs," says Borrelli.

The proportion of US employees expressing satisfaction with their jobs increased from 58 per cent to 72 per cent since the consultancy's first study in 1995. However, employees are increasingly sceptical about whether they are sharing equitably in the sncess they have helped create. Employees' attitndes have become more negative in several areas:

- The belief that management considers employees' interests in decisions affecting them.
- The belief that ability and performance are rewarded and recognised.
- The belief that workplace policies are fairly administered.

"Employees see less evidence of the partnership employers have said they want to build with workers," says Steve Bookbinder, leader of the Towers Perrin research.

The research found employees had taken the partnership message to heart and had been working barder than ever. Now, with corporate profits np, they expect their employers to fnlfil these implicit promises hy sharing the fruits of success.

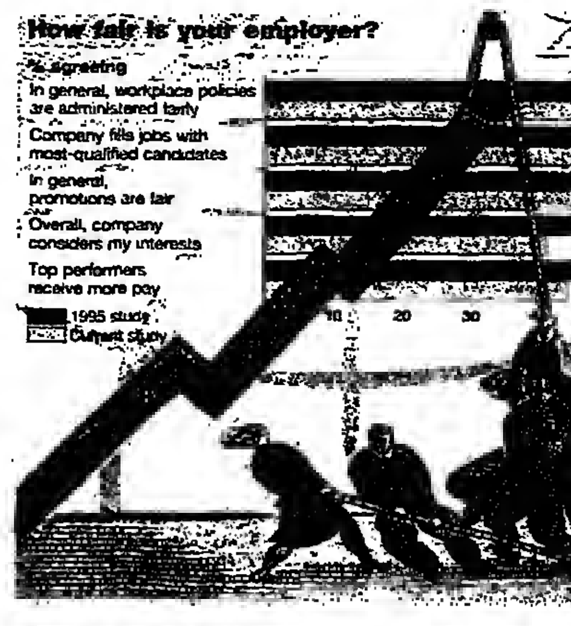
"Real sbaring has not fully materialised," says Mr Bookbinder. "This, not surprisingly, is beginning to erode their faith in management and their belief in workplace reciprocity."

The snrvey found that companies had been remarkably snccessful in getting across the message that continning employment depended on providing continning valne. No fewer than 94 per cent agreed that it was their responsibility to remain employable hy continually learning new job skills.

"As employees take more responsihility and control in their johs, their sense of satisfaction and motivation is increasing. At the same time, their acceptance of more responsihility heightens lbeir expectations that tbey will bave the opportunity to demonstrate their capabilities and be rewarded for their contribntions," says Mr Bookbinder.

While the nature of work had changed, the survey found that in employees' minds the *quid pro quo* from employers had not. Employers still thought in terms of competitive compensation, while employees sought bonuses, share ownership and creative development opportunities.

Towers Perrin said that failing to adapt to the new environment increased the risk that companles would lose the very engine – their own top performers – that bad belped to create the success they were now enjoying.



"The more employees believe their company treats them fairly, considers their interests, and shares its financial success with them, the more likely they will go that proverbial extra mile," says Mr Bookbinder.

"When employees doubt there is reciprocity and fairness, their work ethic and motivation appear to suffer," he adds.

The research suggested this may happen sooner rather than later, with nearly 75 per cent of those surveyed agreeing their companies were more financially successful than a year ago. Employees could now shift attention from mere joh survival to focus on skills, rewards, advancement and effectiveness.

Mr Bookbinder believes that, nltimately, employees want and need a re-evaluation of fair reward in exchange for prodnctivity and commitment. Employers need to look beyond familiar elements of the deal, such as pay and benefits, and to embrace a broader range of "rewards" – including skill development, lateral career movement and other forms of recognition.

Andrew Bolger

The 1997 Towers Perrin Workplace Index. Tel: 0171 379 4411

Treasuries dip on durables data

GOVERNMENT BONDS

By Simon Davies in London and Richard Waters in New York

Government bond markets came under pressure yesterday in response to an early fall in US Treasuries after the announcement of robust US durable goods figures for August.

GERMAN BUNDS had opened weaker on unexpectedly strong August import prices and they lost ground to most European bond markets during the day. The December 1997 futures contract closed 0.11 lower at 102.84, with more than 180,000 contracts traded in London.

UK GILTS edged slightly higher, but closed well off the day's highs. The Decembar contract settled up ¼ at 118, with more than 116,000 contracts traded. Thursday's auction of £1.5bn of 8 per cent 25-year gilts was 2.33 times covered, but it provided little impetus for the market.

The spread between ITALIAN BTP's and bunds narrowed further yesterday, as investors focused on the possibility of an interest rate cut as early as next week, assuming a resolntion of welfare reforms.

Meanwhile, SWEDISH 10-YEAR BOND yields fell 10 basis points to a record low of 6.14 per cent, with the yield spread to bunds tightening sharply.

US TREASURY BONDS gave up some of their recent gains during morning trading in New York yesterday on the back of a bounce in durable goods orders and a drop in weekly unemployment claims.

But prices for electronic goods have been falling fast, the increase in orders should not necessarily raise alarms about inflation picking up, according to Cheryl Katz at Merrill Lynch.

The benchmark 30-year bond was trading ⅝ lower by midday, at 100⅛, pushing the yield up to 6.358 per cent. Shorter-dated securities also lost ground.

Two-year Treasury notes were down $\frac{1}{16}$ at 99$\frac{31}{32}$, to yield 5.784 per cent, while five-year securities were off $\frac{1}{16}$ at 99¼, for a yield of 5.985 per cent.

The Commerce Department report showed durable goods orders up 2.7 per cent in August, compared with a 0.1 per cent rise in July.

The jump was due entirely to a 28 per cent increase in orders for electronic equipment, after a decline in each of the two previous months.

Jobless claims, meanwhile, fell by 2,000 in tha most recent week, to 306,000.

Fannie Mae launches Y100bn global

INTERNATIONAL BONDS

By Edward Luce in London and Samer Iskandar in Paris

Fannie Mae took its cue from the rally in the Japanese government bond market yesterday with its first yen-denominated global since May 1996.

The 10-year Y100bn offering, which will be priced to yield a spread of 1 basis point below the JGB 197, was taken up by mostly US and UK-based funds according to syndicate officials.

"There's a real lack of liquidity in yen products outside the JGB market," said an official at J. P. Morgan, joint lead with Morgan Stanley.

"A lot of US global index funds will take the Fannie Mae as the benchmark." The bond will be priced today.

ARGENTINA made a splash in the Italian market with a L750bn step-down bond. The offering, which will be fungible with a recent Argentinian DM1.5bn and a Sch1bn offering subject to the timing of European monetary union, will step down from a 9.25 per cent coupon to 7 per cent in March 1999.

An official at DMB, joint lead with Paribas, said that most of the paper went to Italian investors.

"The mainstream market appears to be very risk-averse but there's still plenty of appetite for higher-yielders," the official added.

CREDIT LYONNAIS, the French bank, yesterday launched the largest ever single-tranche bond issue – FFr40bn of asset-backed securities.

The bonds are collateralised by part of a FFr135bn loan the bank made to EPFR, a state-backed entity set up two years ago to help rescue Crédit Lyonnais.

The deal – jointly led by Crédit Lyonnais, J. P. Morgan and Merrill Lynch – was priced to yield 2 basis points over interbank rates, slightly tighter than initial talk of a 4 basis point margin.

Demand is believed to have been supported by expectations that BAK, the German banking supervisor, will next month give the Cyber-Val 09-97 bonds a zero risk weighting.

This would mean that banks investing in the securities would not have to set aside part of their capital for prudential reasons.

Zero weightings are usually granted to issues by sovereign governments belonging to the OECD, or borrowers benefiting from government guarantees.

The lead managers said 60 per cent of the amount had been sold to German investors, including foreign branches of German banks.

Last year Crédit Lyonnais securitised the first tranche of its loan to EPFR. The deal, which set a world record with a size of FFr40bn, was issued in four tranches.

The WORLD BANK launched a US$100m bond yesterday which is callable on an annual basis.

"There is a developing market for callable products in Europe, and the World Bank nams is an ideal vehicle for new investors," said an official at BZW, lead manager.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
World Bank(a)	100	7.18	101.675	Oct 2007	2.00	-	Barclays de Zoete Wedd
Pacific Construction Co(b)§	75	(0.85-1)	100.00	Oct 2004	2.50	-	Bankers Trust Intl
■ D-MARKS							
Rheinhyp Finance	500	5.625	99.275R	Oct 2007	0.325R	+21(6%Jul07)	Commerzbank
Christiania Bank‡	300	(c)	100.027	Oct 1999	0.08	-	CSFB
CIBC‡	250	(d)	100.035R	Oct 2000	0.125R	-	Merrill Lynch Frankfurt
■ YEN							
Federal Natl Mtg Assoc	100bn	(e)#	(e)R	Oct 2007	0.325R	-1(JGB 197)	JP Morgan/M Stanley
Nordic Inv'ment Bank(l,f)*	20bn	4.10	100.00	Oct 2001	1.50	-	Daiwa Europe
■ FRENCH FRANCS							
Cyberval, Sep 97(g)‡	40bn	(g1,s)	100.00R	Jul 2002	0.125R	-	C Lyonnais/JPM/Merrill
■ SWISS FRANCS							
Inter-American Dev Bank	200	3.25	101.70	Oct 2004	2.00	-	CSFB
■ ITALIAN LIRE							
Republic of Argentina(h)	750bn	(h1,s)	99.75R	Mar 2004	0.40R	-	Deutsche/Paribas
World Bank(j)	150bn	zero	99.60R	Oct 2002	0.30R	-	Credito Italiano
■ NEW ZEALAND DOLLARS							
Norddeutsche LB(k)	100	7.00	101.11	Oct 2000	1.50	-	Hambros/NordLB

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Callable annually from 15/10/98 at par. b) Pricing: 13/10/97. Indicated conversion premium: 8-13%. Callable from Oct 00, subject to 140% hurdle, at acreting value. Puttable in Oct 02 to yield 5YT +75-125bp. Premium redemption to yield 5YT +75-125bp. c) 3-mth Libor flat. d) 3-mth Libor flat. e) Priced today. f) Reddemed in US$. g) Callable on any coupon date at par. g1) 3-mth Pibor +2bp. h) Fungible with DM1.5bn and Sch1bn upon Emu. h1) 8¼% to 18/3/99, then 7%. j) Redemption price linked to Mib-30 index; min 15%. k) Long last coupon. l) Long 1st coupon. s) Short 1st coupon.

CME gets go-ahead to split contract

By Nikki Tait in Chicago

The Chicago Mercantile Exchange said yesterday it would go ahead with "splitting" its benchmark S&P 500 stock index contract on October 31, after the plan was approved by the Commodity Futures Trading Commission, the industry regulator.

The contract is currently valned at $500 times the S&P 500 Index, or about $470,000. Under the CME plan, the multiplier would be rednced to $250 times the index, reducing the underlying value of the contract to about $237,500.

The CFTC also approved a plan to double the new contract's minimum price change to 0.10 S&P index points from 0.05 points. This means that the "tick" – the smallest price movement possible – will in effect stay at $25.

The CME claims the changes will make the contract more liquid, and allow more investors to trade it. It also argues the split will reduce daily price swings on the contract, and thus the trading risk.

However, some larger institutional funds claim the moves will drive up their trading costs.

● The Board of Trade Clearing Corporation, which handles clearing for the largest of the US exchanges, said yesterday it was seeking a formal contract with the Board of Trade. Chris Hehmeyer, BOTCC chairman, claimed the current informal "handshake" arrangement, which has seen the BOTCC clear for the CBOT for the past 72 years, had "led to difficulties with some important vendors".

CAPITAL MARKETS NEWS DIGEST

Austrian fund to track CECE index

The first tracker fund to be based on an east European index will be launched on October 1. The new fund will track the movements of the CECE, a composite index following four European markets.

The Osteuropa Index Trust will be an Austrian mutual fund, administered by Bankhaus Carl Spängler, Austria's oldest private bank, and managed by Pictet, the Geneva-based asset manager.

There will be a sales charge of 5 per cent and an annual management charge of 0.5 per cent. The fund will be denominated in dollars and will have a minimum asset value of $4m.

There has been increasing enthusiasm among investors for east European markets in recent years, as many economies have started to show steady growth after the initial setbacks of the post-communist era.

The CECE index was established in July 1996 and has since risen by more than 13 per cent, largely on the back of Hungary's strong performance. However, there have been recent signs of economic problems in some countries, illustrated by the devaluation of the Czech koruna this year.

The CECE is calculated by OTOB, the Austrian futures and options exchange, and consists of 44 stocks from the Czech Republic, Hungary, Poland and Slovakia. The latest country weightings are Hungary (43 per cent), Poland (25 per cent), Slovakia (8 per cent) and the Czech Republic (24 per cent).

The heaviest sectors in the index are banks, pharmaceuticals and chemicals, while the five largest stocks will be Richter Gedeon, the Hungarian pharmaceuticals group, SPT Telecom of the Czech Republic, and three other Hungarian stocks: Magyar Olaj, the oil and gas group, TVK, the chemicals company and OTP Bank.

Philip Coggan, Markets Editor

■ DERIVATIVES

Matif plans bond futures options

Matif, the French futures and options exchange, is planning to list options on its five-year French government bond futures, from October 20.

The exchange said the decision came in response to requests from market participants.

The products will be traded in open outcry on Matif's new trading floor dedicated to products taking part in European monetary union.

Matif last week joined an alliance with the Swiss and German derivatives exchanges, which will favour electronic trading. From the middle of next year, all Matif instruments will be listed on a joint electronic platform with its partner exchanges, in parallel with open outcry trading.

The five-year futures contract, launched earlier this month, has seen average daily volumes of about 30,000 lots.

Samer Iskandar, Paris

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Sep 25	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	03/99	6.250	102.2428	4.64	-0.03	-0.05	-0.51	-2.20
	10/07	10.000	128.0457	6.05	-0.08	-0.11	-0.61	-1.76
Austria	09/99	7.000	105.0200	4.29	+0.05	+0.09	+0.08	+0.51
	07/07	5.625	100.4300	5.56	-0.01	-0.01	-0.17	-0.61
Belgium	04/99	7.000	104.3300	4.09	+0.02	+0.08	+0.04	+0.54
	03/07	6.250	104.8500	5.60	-0.01	-0.01	-0.20	-0.86
Canada	03/99	4.000	100.0000	4.00	-0.01	-0.13	-0.10	-0.96
	06/07	7.250	111.1800	5.71	+0.02	-0.09	-0.34	-1.45
Denmark	12/99	8.000	102.7800	4.64	+0.03	+0.04	+0.02	+0.16
	11/07	7.000	107.0000	6.05	-0.01	-0.03	-0.23	-0.97
Finland	01/99	11.000	108.4520	4.11	+0.03	+0.01	+0.21	-0.02
	04/06	7.250	110.2850	5.69	-	-0.07	-0.27	-1.12
France	11/99	7.000	105.7500	4.10	+0.03	+0.03	+0.02	+0.03
	10/04	6.750	109.4700	6.12	+0.09	+0.03	-0.09	-0.57
	10/07	5.500	100.2200	5.47	+0.02	+0.01	-0.13	-0.66
	10/25	6.000	98.5300	6.11	+0.01	-0.01	-0.21	-0.81
Germany	06/98	3.500	98.2800	3.93	-	-	-0.06	+0.41
	07/04	6.750	108.8000	5.18	+0.04	+0.09	-0.15	-0.54
	07/07	6.000	103.3900	5.54	+0.03	+0.01	-0.15	-0.54
	07/27	6.500	104.2100	6.16	+0.01	+0.01	-0.21	-0.71
Ireland	04/99	8.250	101.0300	5.49	+0.08	+0.04	-0.47	-0.91
	08/06	8.000	113.2800	6.02	+0.02	-0.05	-0.43	-1.06
Italy	05/00	6.000	101.8600	5.23	-0.02	-0.19	-0.84	-2.74
	05/02	6.250	103.0000	5.50	-	-0.14	-0.72	-2.76
	07/07	6.750	105.0700	6.05	-	-0.11	-0.54	-2.78
	11/26	7.250	108.0000	6.63	-	-0.13	-0.56	-2.56
Japan	06/99	4.800	107.4400	0.45	+0.01	-0.03	-0.09	-0.60
	12/02	4.800	117.0700	1.39	-0.04	-0.09	-0.16	-0.80
	09/05	3.000	107.7000	1.95	-0.03	-0.06	-0.12	-0.86
	03/17	3.500	110.4900	2.80	-0.02	-0.04	-0.07	-0.65
Netherlands	06/99	7.500	105.4500	4.11	-0.03	+0.07	-0.01	+0.58
	02/07	5.750	101.8900	5.48	+0.01	-0.01	-0.15	-0.46
New Zealand	02/00	6.500	99.5572	6.66	+0.01	-0.21	-0.64	-1.39
	11/06	8.000	109.8327	6.53	-0.04	-0.14	-0.67	-1.62
Norway	01/99	9.000	105.9100	4.32	-0.04	-0.05	-0.31	-1.32
	01/07	6.750	106.7000	5.79	-0.02	+0.02	-0.33	-1.07
Portugal	03/99	8.500	104.9728	4.90	-0.03	-0.15	-0.41	-2.27
	02/07	6.625	104.5668	5.97	-	-0.06	-0.41	-2.07
Spain	07/99	7.400	104.5007	4.78	+0.02	-0.06	-0.40	-2.01
	03/07	7.350	110.2663	5.90	+0.02	-0.06	-0.41	-2.13
Sweden	01/99	11.000	107.7230	4.73	-0.03	-0.10	-0.20	-1.09
	08/07	8.000	113.4480	8.14	-0.10	-0.19	-0.46	-1.51
Switzerland	03/99	4.000	103.2000	1.73	+0.03	-	+0.10	-0.12
	06/07	4.500	107.9000	3.52	-	+0.03	-0.01	-0.51
UK	06/99	6.000	98.4844	6.97	+0.03	+0.08	-0.16	+0.62
	11/04	6.750	100.4688	6.66	-	-0.03	-0.41	-0.72
	12/07	7.250	104.6563	6.61	+0.01	-0.02	-0.47	-1.19
	06/21	8.000	117.3438	6.52	[illegible]	[illegible]	[illegible]	[illegible]
US	07/99	5.875	100.0780	5.82	-0.02	-	-0.18	-0.25
	02/04	7.250	106.4920	6.05	[illegible]	[illegible]	[illegible]	[illegible]
	08/07	6.125	102.2810	6.09	[illegible]	[illegible]	[illegible]	[illegible]
	08/27	6.375	101.1900	6.36	[illegible]	[illegible]	[illegible]	[illegible]
ECU	03/99	5.000	100.6600	4.49	-0.01	+0.01	-0.08	-0.17
	04/07	5.500	98.5100	5.70	+0.01	-0.02	-0.27	-0.71

London closing. New York mid-day. Yields: Local market standard/Annualised yield basis. Yields shown for Italy include withholding tax at 12.5 per cent payable by nonresidents. Source: Interactive Data/FT Information

10 YEAR BENCHMARK SPREADS

Sep 25	Bid Yield	Spread vs Bunds	Spread vs T-Bonds		Bid Yield	Spread vs Bunds	Spread vs T-Bonds
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing. New York closing. Annualised yield basis. Source: Interactive Data/FT Information

EMERGING MARKET BONDS

Sep 25	Red date	Coupon	S & P Rating	Bid price	Bid yield	Day's chge yield	Mth's chge yld	Sprd vs US
■ EUROPE								
■ LATIN AMERICA								
■ ASIA								
■ AFRICA/MIDDLE EAST								
■ BRADY BONDS								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing. Prices in US$. Standard & Poor's ratings. Source: Interactive Data/FT Information

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	99.94	99.68	-0.06	100.04	99.78	8,228	142,657
Mar	99.32	99.26	-0.06	99.36	99.15	408	3,930
Jun	98.98	98.92	-0.06	99.98	98.98	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Oct	Calls Nov	Calls Dec	Puts Oct	Puts Nov	Puts Dec
96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Est. vol. total [illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
10250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE)

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

US CORPORATE BONDS

Sep 24	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
■ UTILITIES								
Pac Bell	07/02	7.25	AA-	103.7015	6.33	-0.05	-0.28	+0.37
NY Tel	08/25	7.00	A+	97.8455	7.19	-0.07	-0.36	+0.87
CWE	05/08	6.00	BBB	106.0035	6.92	-0.05	-0.29	+0.28
■ FINANCIALS								
■ INDUSTRIALS								
■ AGENCIES								
■ HIGH YIELD								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing. Standard & Poor's ratings. Yields: semi-annual basis. Source: Interactive Data/FT Information

US INTEREST RATES

Treasury Bills and Bond Yields

[illegible]	[illegible]	[illegible]	[illegible]

BENCHMARK EUROBONDS

Sep 25	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
■ EURO DM								
EIB	02/07	5.750	AAA	101.1400	5.59	+0.02	-0.11	+0.05
Spain	01/07	5.750	AA	100.8300	5.63	+0.03	-0.13	+0.09
Philip Morris	03/04	6.375	A	99.1000	5.54	+0.01	+0.09	+0.36
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing. Standard & Poor's ratings. Yields: Local market standard/Annualised basis. Source: Interactive Data/FT Information

UK BONDS

FTSE Actuaries Govt. Securities

Price Indices UK Gilts	Thu Sep 25	Day's chge %	Wed Sep 24	Accrued interest	xd adj. ytd
1 Up to 5 years (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-linked					
6 Up to 5 years (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Over 5 years (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 All stocks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK Indices

[illegible]	[illegible]	[illegible]	[illegible]

FT Fixed Interest Indices

[illegible]	[illegible]	[illegible]	[illegible]

UK GILTS PRICES

[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES AND MONEY

Pound gains as UK trade holds up

MARKETS REPORT

By Simon Kuper and Richard Adams

The pound rallied yesterday on better than expected UK trade figures for July, which suggested that sterling's recent strength had still not hit British exporters.

The figures followed good current account data released earlier in the week. Strong gross domestic product figures for the second quarter, published on Monday, had raised prospects of further UK interest rate rises. Rob Hayward, economist at Bank of America in London, said: "People are thinking that the slowdown in the domestic economy is not as significant as they thought a month ago."

The pound jumped after breaking through the key $1.62 level against the dollar. It hit a seven-week high against the US currency, and closed in London at $1.626, 1.3 cents above Wednesday's close. Against the D-Mark it rose 1.8 pfennigs to DM2.875.

Comments on Wednesday by Japanese and German officials, who warned against a further rise in the dollar, continued to hold back the US currency. Traders eager to sell the yen, because of Japan's fragile economy, therefore sold it against the D-Mark rather than against the dollar. The dollar also suffered marginally from surprisingly strong US durable goods orders for August, which hit US bonds.

The D-Mark jumped Y0.72 against the yen to Y68.42. That boosted the dollar Y1 against the yen to Y121.0, but dragged the dollar down 0.4 pfennigs against the D-Mark to DM1.768.

■ Pound in New York

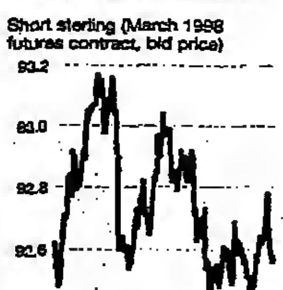
Sep 25	Latest	Prev. close
£ spot	1.6280	1.6145
1 mth	1.6161	1.6125
3 mth	1.6221	1.6083
1 yr	1.6049	1.5815

■ Both Eisuke Sakakibara, the Japanese official known as "Mr Yen", and Hans Tietmeyer, Bundesbank president, spoke in defence of their currencies on Wednesday. Both the yen and the D-Mark duly rose. But Gerard Lyons, chief economist at DKB International in London, notes a difference between the two men. Mr Tietmeyer can back up his words with actions; Mr Sakakibara cannot.

Germany may well raise interest rates soon: the market is pricing in a repo rate rise of as much as 50 basis points to 3.50 per cent by December. Japan, however, cannot raise rates. Intervention to support currencies is going out of fashion. It did not work for Malaysia, Thailand, Indonesia or the Philippines this summer. So the D-Mark could gain but the yen may fall, particularly if next week's tankan survey of business sentiment is as weak as Mr Lyons fears.

UK rate expectations

Short sterling (March 1998 futures contract, bid price)



Source: Datastream/ICV

■ The Malaysian ringgit hits record lows almost daily. Yesterday it fell to M$3.14 to the US dollar, down from M3.05, before later rebounding to M$3.1175. The slide came after Standard & Poor's, the rating agency, reduced its outlook for Malaysia's long-term foreign currency debt trading from stable to negative.

S&P cited Malaysia's "reluctance, thus far, to curb rapid credit growth that is financing an unsustainable boom in investment, now more than 40 per cent of gross domestic product". This year's current account deficit would exceed 6 per cent of GDP. Also, S&P said Malaysia had flirted with restrictions on equity and currency trading that could deter foreign investors, hitting economic growth.

S&P's action was no great surprise, and the agency has not downgraded Malaysia. But the ringgit's fall dragged the Indonesian rupiah down from 3,012/17 against the dollar to 3,025. South Korea's won hit a record low of 914.90 to the dollar.

■ OTHER CURRENCIES

Sep 25	£	$
Czech Rp	53.4726 - 53.5510	32.8850 - 32.9180
Hungary	317.070 - 317.507	195.000 - 195.050
Iran	4880.40 - 4878.00	3000.00 - 3000.00
Kuwait	0.4943 - 0.4949	0.3040 - 0.3042
Poland	5.5544 - 5.5653	3.4160 - 3.4210
Russia	9531.74 - 9646.06	5867.00 - 5863.00
U.A.E.	5.9721 - 5.9752	3.6729 - 3.6730

■ The recent strength of the New Zealand dollar is likely to persist, despite the recent change in policy by Don Brash, the governor of the Reserve Bank of New Zealand, say currency strategists.

The RBNZ has eased its monetary conditions index target, perhaps in a bid to weaken the currency, but there are no signs of lower interest rates to come, making it unlikely that the "Kiwi" will indeed fall. The currency also has a history of rallying during the September fiscal mid-year in New Zealand.

Between now and December, J.P. Morgan in London is forecasting the New Zealand dollar to remain stable against the D-Mark at DM0.89, and to rise slightly against the US dollar, from $NZ0.6417/24 in afternoon US trading yesterday to NZ$0.65. A rise would dismay New Zealand's farming lobby and other exporters.

POUND SPOT FORWARD AGAINST THE POUND

Sep 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	20.2347	+0.1295	263 - 431	20.3011	20.0998	20.1803	3.2	20.0676	3.3	19.5621	3.3	102.4
Belgium	(BFr)	59.3148	+0.3378	677 - 619	59.5260	58.8340	58.1349	3.8	58.7649	3.7	57.0148	3.9	103.0
Denmark	(DKr)	10.9455	+0.0687	412 - 496	10.9841	10.8678	10.914	3.5	10.85	3.5	10.5585	3.5	104.0
Finland	(FM)	9.5912	+0.0627	856 - 966	9.6150	8.5230	9.5669	3.5	8.5134	3.6	8.3007	3.4	91.5
France	(FFr)	9.6571	+0.0575	539 - 603	9.6929	9.5899	9.6241	4.1	9.5871	3.7	8.2916	3.8	105.1
Germany	(DM)	2.8751	+0.0182	740 - 762	2.8866	2.8516	2.8658	3.9	2.8468	3.9	2.7589	4.0	103.0
Greece	(Dr)	453.652	+2.37	459 - 845	455.524	450.655	455.435	-4.7	458.059	-3.9	466.427	-2.8	65.1
Ireland	(I£)	1.1074	+0.0131	057 - 091	1.1091	1.0931	1.1069	0.5	1.1055	0.7	1.0948	1.2	97.4
Italy	(L)	2805.66	+16.92	436 - 896	2815.86	2786.55	2805.74	0.0	2805.7	0.0	2803.11	0.1	76.3
Luxembourg	(LFr)	59.3148	+0.3376	677 - 619	59.5260	58.8340	59.1349	3.6	58.7649	3.7	57.0148	3.9	102.0
Netherlands	(Fl)	3.2379	+0.021	364 - 393	3.2500	3.2119	3.2277	3.8	3.2067	3.8	3.1108	3.8	101.5
Norway	(NKr)	11.6273	+0.035	204 - 342	11.6932	11.5200	11.5949	5.4	11.5338	3.2	11.2648	3.1	99.0
Portugal	(Es)	292.378	+1.87	225 - 531	293.409	290.319	292.222	0.6	291.892	0.9	287.604	1.6	92.1
Spain	(Pta)	242.602	+1.493	502 - 702	243.390	241.040	242.287	1.6	241.537	1.8	237.167	2.2	77.0
Sweden	(SKr)	12.2428	+0.0562	337 - 519	12.2947	12.1468	12.2153	2.7	12.1568	2.8	11.8003	2.6	87.7
Switzerland	(SFr)	2.3682	+0.0192	670 - 694	2.3763	2.3484	2.3573	5.5	2.3347	5.7	2.2344	5.6	106.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	101.1
Ecu	-	1.4649	+0.0085	642 - 656	1.4698	1.4566	1.4619	2.7	1.4545	2.9	1.4204	3.0	-
SDR†	-	1.181530	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6261	+0.0139	257 - 265	1.6292	1.6108	-	-	-	-	-	-	-
Brazil	(R$)	1.7810	+0.0151	803 - 917	1.7845	1.7643	-	-	-	-	-	-	-
Canada	(C$)	2.2517	+0.0128	507 - 526	2.2564	2.2360	2.2449	3.7	2.2312	3.6	2.1803	3.2	84.7
Mexico	(New Peso)	12.6965	+0.0706	893 - 037	12.7085	12.5923	-	-	-	-	-	-	-
USA	($)	1.6264	+0.0139	260 - 268	1.6296	1.6111	1.6244	1.5	1.6202	1.5	1.6041	1.4	105.1
Pacific/Middle East/Africa													
Australia	(A$)	2.2387	+0.0017	366 - 408	2.2470	2.2193	2.2351	2.0	2.2257	2.2	2.1898	2.2	91.6
Hong Kong	(HK$)	12.5843	+0.1047	804 - 882	12.6074	12.4670	12.5833	0.1	12.5789	0.2	12.5219	0.5	-
India	(Rs)	58.8838	+0.4709	612 - 064	58.9064	58.3560	59.079	-4.0	59.4796	-4.0	61.1593	-3.9	-
Israel	(Shk)	5.6957	+0.0533	869 - 045	5.7087	5.6869	-	-	-	-	-	-	-
Japan	(Y)	196.713	+3.294	618 - 810	197.370	193.710	195.693	6.2	193.688	6.2	184.683	6.1	126.8
Malaysia	(M$)	5.0752	+0.1691	699 - 805	5.0805	4.9436	5.0794	-1.0	6.0874	-1.0	5.1061	-0.6	-
New Zealand	(NZ$)	2.5331	+0.0086	311 - 351	2.5393	2.5096	2.5363	-1.5	2.5401	-1.1	2.5407	-0.3	108.2
Philippines	(Peso)	54.4845	+0.7075	084 - 605	54.6606	54.0994	54.6443	-3.5	54.8838	-3.0	55.9507	-2.7	-
Saudi Arabia	(SR)	6.0999	+0.052	983 - 015	6.1114	6.0439	9.0964	0.7	6.088	0.8	6.0515	0.8	-
Singapore	(S$)	2.4707	+0.0319	692 - 721	2.4745	2.4372	2.4681	2.5	2.456	2.4	2.4078	2.6	-
South Africa	(R)	7.6254	+0.0618	211 - 297	7.6444	7.5569	7.6861	-9.6	7.804	-9.4	9.2409	-8.1	-
South Korea	(Won)	1488.16	+13.81	454 - 178	1491.78	1473.35	-	-	-	-	-	-	-
Taiwan	(T$)	46.5167	+0.3968	036 - 297	46.5385	46.0807	46.5001	0.4	46.4603	0.5	46.2827	0.5	-
Thailand	(Bt)	58.2252	-0.228	482 - 021	58.4021	56.1560	58.5618	-6.9	59.0234	-5.5	60.0536	-3.1	-

† Rates for Sep 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	12.4414	-0.027	390 - 435	12.5080	12.4200	12.4174	2.3	12.3684	2.3	12.1484	2.4	102.1
Belgium	(BFr)	36.4700	-0.105	500 - 900	36.6800	36.4210	36.395	2.5	36.2435	2.5	35.55	2.5	102.1
Denmark	(DKr)	6.7299	-0.0154	289 - 309	6.7856	6.7219	6.7192	2.1	6.6939	2.1	6.5875	2.1	103.4
Finland	(FM)	5.2824	-0.0066	802 - 845	5.3015	5.2739	5.2709	2.6	5.2473	2.7	5.1534	2.4	80.9
France	(FFr)	5.9377	-0.0155	372 - 382	5.9735	5.9300	5.9262	2.3	5.9024	2.4	5.7935	2.4	104.5
Germany	(DM)	1.7678	-0.0039	675 - 680	1.7775	1.7648	1.764	2.6	1.7562	2.6	1.7212	2.6	102.6
Greece	(Dr)	278.930	-0.935	880 - 980	280.640	278.510	280.225	-5.6	282.28	-4.8	289.43	-3.8	64.7
Ireland	(I£)	1.4687	-0.0049	668 - 705	1.4780	1.4607	1.4679	0.6	1.467	0.5	1.4672	0.1	-
Italy	(L)	1725.08	-4.37	470 - 545	1735.35	1723.30	1726.85	-1.2	1729.66	-1.1	1733.28	-0.5	76.0
Luxembourg	(LFr)	36.4700	-0.105	500 - 900	36.6800	36.4210	36.336	2.5	36.2435	2.5	35.55	2.5	102.1
Netherlands	(Fl)	1.9908	-0.0042	904 - 912	2.0014	1.9860	1.9865	2.6	1.978	2.6	1.9403	2.5	101.4
Norway	(NKr)	7.1491	-0.0099	466 - 516	7.2110	7.1120	7.1346	2.4	7.1062	2.4	6.9945	2.2	98.3
Portugal	(Es)	179.770	-0.39	720 - 820	181.080	179.520	179.734	0.2	179.68	0.2	178.51	0.7	92.7
Spain	(Pta)	149.165	-0.36	140 - 190	149.950	148.980	149.12	0.4	148.945	0.6	147.77	0.9	76.7
Sweden	(SKr)	7.5276	-0.03	238 - 313	7.5683	7.5199	7.5185	1.4	7.4992	1.5	7.4252	1.4	87.5
Switzerland	(SFr)	1.4561	-0.0006	557 - 565	1.4640	1.4530	1.4507	4.4	1.4401	4.4	1.3948	4.2	106.0
UK	(£)	1.6264	+0.0139	260 - 268	1.6295	1.6111	1.6244	1.5	1.6202	1.5	1.6041	1.4	99.9
Ecu	-	1.1103	+0.0031	100 - 105	1.1120	1.1016	1.1119	-1.6	1.115	-1.7	1.1305	-1.8	-
SDR‡	-	0.73805	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-	998 - 998	0.9998	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	1.0951	-	949 - 952	1.0953	1.0951	-	-	-	-	-	-	-
Canada	(C$)	1.3845	-0.004	842 - 847	1.3880	1.3833	1.3814	2.7	1.3757	2.6	1.3551	2.1	84.4
Mexico	(New Peso)	7.8065	-0.0235	040 - 090	7.8130	7.8040	7.915	-16.7	8.126	-16.4	9.0365	-15.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.0
Pacific/Middle East/Africa													
Australia	(A$)	1.3765	-0.0108	755 - 774	1.3775	1.3755	1.3759	0.5	1.3741	0.7	1.3657	0.8	92.3
Hong Kong	(HK$)	7.7375	-0.0019	370 - 380	7.7395	7.7370	7.738	-0.1	7.7389	-0.1	7.7412	0.0	-
India	(Rs)	36.2050	-0.02	000 - 100	36.2650	36.1900	36.3425	-4.6	36.6275	-4.7	37.84	-4.5	-
Israel	(Shk)	3.5021	+0.0029	975 - 066	3.5083	3.4958	-	-	-	-	-	-	-
Japan	(Y)	120.950	+1	920 - 980	121.300	119.980	120.435	5.1	119.435	5.0	115.135	4.6	129.0
Malaysia	(M$)	3.1205	+0.078	180 - 230	3.1400	3.0600	3.125	-1.7	3.134	-1.7	3.164	-1.4	-
New Zealand	(NZ$)	1.5575	-0.0081	567 - 584	1.5584	1.5567	1.5583	-0.6	1.5607	-0.8	1.5708	-0.3	-
Philippines	(Peso)	33.5000	+0.15	000 - 000	33.9000	33.2000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-	505 - 506	3.7508	3.7505	3.7513	-0.2	3.7523	-0.2	3.7569	-0.2	-
Singapore	(S$)	1.5181	+0.0066	186 - 196	1.5215	1.5105	1.5173	1.4	1.5135	1.5	1.4941	1.6	-
South Africa	(R)	4.6885	-0.002	870 - 900	4.6970	4.6845	4.729	-10.4	4.8085	-10.2	5.111	-9.0	-
South Korea	(Won)	915.000	+0.56	000 - 000	917.000	913.000	-	-	-	-	-	-	-
Taiwan	(T$)	28.6010	-0.0005	000 - 020	28.6020	28.5990	28.612	-0.5	28.621	-0.3	28.7135	-0.4	-
Thailand	(Bt)	35.8000	-0.45	000 - 000	36.7000	34.7000	36.245	-14.9	36.85	-12.3	38.19	-6.6	-

‡ SDR rate per $ for Sep 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 24: Base average 1990=100. The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

September 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.75
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.75	6.25	6.02
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.50	3.00
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.41	5.47	5.54	5.68	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible] - 7	[illegible]	[illegible] - 7	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	7 - [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] - 4	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.41	96.42	-0.02	96.44	96.40	7,691	37,354
Mar	96.20	96.20	-0.02	96.22	96.17	12,479	32,537
Jun	96.00	95.99	-0.02	96.00	95.96	7,922	27,074

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.47	96.44	-0.03	96.47	96.42	40051	292676
Mar	96.25	96.21	-0.04	96.25	96.19	44967	294596
Jun	96.02	95.98	-0.05	96.02	95.96	54254	236181
Sep	95.80	95.79	-0.04	95.82	95.76	22601	180323

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Oct		96.74	-0.01			0	285
Nov		96.65	-0.02			0	60
Dec		96.43	-0.03			0	730
Jan		96.53	-0.02			0	50

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.04	94.00	-0.05	94.06	93.99	25114	100427
Mar	94.75	94.70	-0.05	94.77	94.68	20543	92320
Jun	95.12	95.10	-0.02	95.15	95.09	19124	76131
Sep	95.20	95.22	+0.03	95.25	95.19	10962	53234

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.26	98.24	-0.02	98.26	98.23	5107	72383
Mar	98.04	98.03	-0.03	98.05	98.02	2526	37133
Jun	97.78	97.78	-0.03	97.79	97.76	1327	23455
Sep	97.58	97.58	-0.02	97.59	97.57	171	12031

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		99.42	-			0	na
Mar		99.40	-			0	na
Jun		99.36	+0.01			0	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.58	95.59	-	95.60	95.57	908	12213
Mar	95.54	95.54	-0.01	95.56	95.53	299	6688
Jun	95.45	95.47	-0.01	95.48	95.44	183	3952
Sep	95.41	95.43	-0.01	95.45	95.41	54	4469

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9400	0.14	0.76	1.15	0.14	0.06	0.05
9425	0.05	0.55	0.93	0.30	0.10	0.06
9450	0.01	0.38	0.72	0.51	0.18	0.12

Est. vol. total, Calls 7787 Puts 3086. Previous day's open int., Calls 152816 Puts 59036

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.45	16.28	4.847	1.867	4730	5.459	19.60	492.9	409.0	20.64	3.993	1.686	3.796	2.742	331.8	2.470
Denmark	(DKr)	54.19	10	8.823	2.627	1.012	2563	2.958	10.62	267.1	221.6	11.19	2.164	0.914	2.057	1.486	179.7	1.338
France	(FFr)	61.42	11.33	10	2.977	1.147	2905	3.353	12.04	302.8	251.2	12.68	2.452	1.036	2.332	1.684	203.7	1.517
Germany	(DM)	20.63	3.807	3.359	1	0.385	975.8	1.126	4.044	101.7	84.38	4.258	0.824	0.348	0.783	0.566	68.42	0.509
Ireland	(I£)	53.56	9.884	8.721	2.596	1	2534	2.924	10.50	264.0	218.1	11.06	2.139	0.903	2.033	1.468	177.6	1.323
Italy	(L)	2.114	0.390	0.344	0.102	0.039	100	0.115	0.414	10.42	8.647	0.436	0.084	0.036	0.080	0.058	7.011	0.052
Netherlands	(Fl)	18.32	3.381	2.983	0.888	0.342	866.5	1	3.591	90.30	74.93	3.781	0.731	0.309	0.695	0.502	60.75	0.452
Norway	(NKr)	51.01	9.414	8.306	2.473	0.952	2413	2.785	10	251.5	208.6	10.53	2.007	0.860	1.937	1.399	169.2	1.260
Portugal	(Es)	20.29	3.744	3.303	0.983	0.379	959.6	1.107	3.977	100	82.98	4.187	0.810	0.342	0.770	0.556	67.28	0.501
Spain	(Pta)	24.45	4.512	3.981	1.185	0.458	1156	1.335	4.793	120.5	100	5.047	0.976	0.412	0.928	0.670	81.08	0.604
Sweden	(SKr)	48.45	8.940	7.888	2.348	0.905	2292	2.645	9.497	238.6	198.2	10	1.934	0.817	1.839	1.328	160.7	1.196
Switzerland	(SFr)	25.05	4.622	4.078	1.214	0.468	1185	1.367	4.910	123.5	102.4	5.170	1	0.422	0.951	0.687	83.06	0.619
UK	(£)	59.31	10.95	9.657	2.875	1.107	2806	3.238	11.63	292.4	242.8	12.24	2.368	1	2.252	1.626	196.7	1.465
Canada	(C$)	26.34	4.861	4.289	1.277	0.492	1246	1.438	5.164	129.8	107.7	5.437	1.052	0.444	1	0.722	87.36	0.651
USA	($)	36.47	6.730	5.938	1.768	0.681	1725	1.991	7.149	179.9	149.2	7.528	1.456	0.615	1.385	1	121.0	0.901
Japan	(Y)	30.15	5.564	4.909	1.462	0.563	1426	1.646	5.911	148.9	123.3	6.224	1.204	0.508	1.145	0.827	100	0.745
Ecu	-	40.49	7.472	6.593	1.963	0.756	1915	2.210	7.938	199.6	165.9	8.358	1.617	0.683	1.537	1.110	134.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5673	0.5665	-0.0009	0.5692	0.5656	29,949	56,919
Mar	0.5696	0.5696	-0.0009	0.5708	0.5696	40	2,320
Jun	-	0.5666	-	-	-	36	2,513

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8401	0.8358	-0.0053	0.8428	0.8343	26,709	74,024
Mar	-	0.8520	-	-	0.8460	116	789
Jun	-	0.8522	-	-	-	112	165

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6922	0.6918	-0.0007	0.6945	0.6894	11,867	37,762
Mar	0.6960	0.6960	-0.0014	0.7007	0.6972	12	1,210
Jun	-	0.7055	-	-	-	16	175

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6088	1.6230	+0.0145	1.6250	1.6084	3,914	28,447
Mar	-	1.6100	-	1.6190	-	5	237
Jun	-	1.6120	+0.0160	1.6120	-	52	27

UK INTEREST RATES

LONDON MONEY RATES

Sep 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible] - 7	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	7 - [illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	7 - [illegible]	[illegible] - 7	[illegible]	[illegible]	[illegible]
Discount Market deps	7 - [illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 7 per cent from Aug 7, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs. of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Sep 19, 6.8713pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 29, 1997. Agreed rate for period Sep 24, 1997 to Oct 25, 1997, Scheme III 8.50pc. Reference rate for period Aug 1, 1997 to Aug 29, 1997, Schemes IV & V 7.229pc. Finance House Base Rate 7½pc from Sep 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.59	92.58	-0.02	92.60	92.58	15855	129061
Mar	92.59	92.55	-0.03	92.61	92.53	22564	104894
Jun	92.67	92.61	-0.05	92.69	92.59	34545	86571
Sep	92.79	92.73	-0.05	92.81	92.71	14960	65749
Dec	92.92	92.88	-0.03	92.94	92.86	8689	60740

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9250	0.12	0.19	0.30	0.06	0.14	0.19
9275	0.02	0.06	0.17	0.21	0.28	0.31
9300	0	0.03	0.09	0.44	0.48	0.48

Est. vol. total, Calls 15057 Puts 8800. Previous day's open int., Calls 179873 Puts 190270

BASE LENDING RATES

	%		%		%
Adam & Company	7.00	Duncan Lawrie	7.00	Scottish Widows Bank	7.00
Allied Irish Bank (GB)	7.00	Exeter Bank Limited	8.00	●Singer & Friedlander	7.00
●Henry Ansbacher	7.00	Financial & Gen Bank	8.00	●Smith & Williamson Secs	7.00
Bank of Baroda	7.00	●Robert Fleming & Co	7.00	Sun Banking Corp Ltd	7.00
Banco Bilbao Vizcaya	7.00	●Guinness Mahon	7.00	TSB	7.00
Bank of Cyprus	7.00	Habib Bank AG Zurich	7.00	United Bank of Kuwait	7.00
Bank of Ireland	7.00	●Hambros Bank	7.00	Unity Trust Bank Plc	7.00
Bank of India	7.00	Heritable & Gen Inv Bk	7.00	Whiteaway Laidlaw	7.00
Bank of Scotland	7.00	C. Hoare & Co	7.00	Yorkshire Bank	7.00
Barclays Bank	7.00	Hongkong & Shanghai	7.00		
Brit Bk of Mid East	7.00	Investec Bank (UK) Ltd	7.00	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	7.00	Julian Hodge Bank	7.00	* In administration	
Citibank NA	7.00	●Leopold Joseph & Sons	7.00		
Clydesdale Bank	7.00	Lloyds Bank	7.00		
The Co-operative Bank	7.00	Midland Bank	7.00		
Coutts & Co	7.00	NatWestminster	7.00		
Cyprus Popular Bank	7.00	●Rea Brothers	7.00		
		Royal Bk of Scotland	7.00		

EMS EUROPEAN CURRENCY UNIT RATES

Sep 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.796709	0.757575	+0.004508	-5.15	7.97	35
Finland	5.85424	5.87377	+0.00348	0.33	2.07	-2
Italy	1906.48	1921.92	+1.45	0.81	1.59	-6
Spain	163.826	166.098	+0.093	1.39	1.01	-10
Portugal	197.396	200.220	+0.172	1.43	0.97	-10
Denmark	7.34555	7.49548	+0.00647	2.04	0.36	-14
Netherlands	2.16979	2.21702	+0.00194	2.19	0.23	-16
Germany	1.92573	1.96880	+0.00186	2.24	0.17	-22
Austria	13.5485	13.8569	+0.0136	2.28	0.13	-17
Belgium	39.7191	40.6343	+0.033	2.30	0.11	-17
France	6.45863	6.61444	+0.00509	2.41	0.00	-20
NON ERM MEMBERS						
Greece	295.269	310.949	-0.058	5.28	-2.72	-
UK	0.793103	0.684528	-0.004057	-13.69	18.66	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
1.600	1.91	2.74	3.13	0.72	1.81	2.38
1.610	1.31	2.25	2.61	1.12	2.28	2.81
1.620	0.87	1.80	2.21	1.68	2.79	3.38

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
0.560	0.79	1.21	1.49	0.32	0.63	0.80
0.565	0.49	0.92	1.21	0.52	0.85	1.02
0.570	0.30	0.70	0.97	0.82	1.11	1.29

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.19	94.18	-	94.20	94.17	51,509	582,609
Mar	94.14	94.12	-	94.18	94.11	71,791	405,802
Jun	94.06	94.04	+1.27	94.07	94.02	38,859	308,801

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.98	95.00	+0.01	94.99	94.97	23	4,781
Mar	94.98	94.98	-0.01	94.99	94.96	109	2,839

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
9600	0.44	0.44	0.45	0.29	0	0	0.01	0.08
9625	0.20	0.21	0.23	0.14	0.01	0.02	0.04	0.18
9650	0.02	0.04	0.06	0.04	0.06	0.10	0.12	0.33
9675	0.01	0.01	0.01	0.01	0.32	0.32	0.32	0.55
9700	0	0	0	0	0.56	0.56	0.56	0.79

Est. vol. total, Calls 8608 Puts 34599. Previous day's open int., Calls 240626 Puts 243741

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9825	0.14	0.17	0.16	0.15	0.39	0.63
9850	0.05	0.08	0.08	0.31	0.55	0.80

Est. vol. total, Calls 0 Puts 650. Previous day's open int., Calls 2350 Puts 2469

Small surplus seen this year as south-east Asian economies slow

Asarco raises forecast for copper supply

By Kenneth Gooding, Mining Correspondent

Asarco, the US group that has been one of the most consistently accurate forecasters of copper supply and demand, has revised its predictions because of slowing economic activity in south-east Asia.

Asarco, the world's fourth-largest privately owned copper producer, was previously expecting a supply deficit of 53,000 short tons (one short ton is 2,000lb) this year, but is now predicting a small surplus of 15,000 tons.

Next year's forecast deficit will also be lower than Asarco had suggested earlier this year, 108,000 tons against 149,000 tons.

Asarco has also broken its habit of forecasting only one year ahead and is now offering predictions to 2000. It sees a supply surplus of 77,000 tons in 1999 and a deficit of 10,000 tons in 2000.

Richard Osborne, chairman, told e Morgan Stanley Dean Witter metals conference: "For 1997 and the next three years this adds up to a net deficit of 26,000 tons, e far cry from the wave of surpluses we've been hearing about since 1993. We think copper's fundementals remain strong and we are optimistic about its future."

He said Asarco's forecasting team had cut growth projections for south-east Asia by 140,000 tons, or 9.1 per cent, in 1997 and 110,000 tons, or 7.7 per cent, in 1998. Asarco now expects western world copper consumption to increase by 2.9 per cent this year and by 3 per cent in 1998. Annual growth of 3 per cent is expected in 1999 and 2000.

"This estimete is significantly below the 3.8 per cent growth in western world copper consumption over the past five years or the 3.4 per cent growth in the past ten years," Mr Osborne pointed out.

"During the latter period, the world saw three recessions in major copper consuming countries, a tidal wave of metals exports from the CIS and a shift to other materials in several major markets, such as antomobile radiators and telecommunications long lines."

Asarco is optimistic about the future for the copper mining industry

Asarco sees copper "available to the west" increasing from 12.6m tons in 1997 to 14.5m tons in 2000, a compound growth rate of 4.7 per cent.

It expects exports from the former Soviet Union and Poland to remain flat.

Mr Osborne said Asarco was more bullish than most because many other analysts underestimated China's influence on copper consumption.

"We believe Chinese consumption will increase by over 10 per cent a year through 2000, based on official Chinese estimates of an 8 per cent annual gross domestic product growth. Actual GDP growth rates in China have been substantially in excess of that in recent years."

China had smelting and refining capacity substantially in excess of its present mining capacity, so much of its growth in copper consumption would be supplied by imports of concentrate, blister [intermediate materials] and scrap in addition to increasing amonnts of refined copper.

India set for bumper cotton harvest

By Kunal Bose in Calcutta

India, one of the largest producers of cotton, is expected to harvest another bumper crop in the season beginning October 1.

The large crop comes in spite of a delay in the start of the south-west monsoon, a shortage of rain in some leeding cotton growing areas, and transfer of some land in Punjab from cotton to other crops.

It follows the 1996-97 season's record production of 17.15m bales of 170kg each.

The East India Cotton Association, tha trada group, estimates the new season's crop at 17.2m bales, although the Cotton Advisory Board says it will be held at the 1996-97 level.

According to industry officials, tha standing crop remains in good shape and has been spared significant pest attack problems.

"We have been receiving quite encouraging reports about the new crop. But our crop monitoring system is so flawed thet whatever estimate is mada now by the CAB will have to be revised several times as the 1997-98 season progresses," the Bengal Millowners' Association said.

The CAB accepts the EICA estimate that the land under cotton for the 1997-98 season remains unchanged at the 1996-97 level of 9.168m hectares, despite some loss in Punjab.

India has the largest area under cotton among all cotton growing countries, but tha prodnctivity is poor compared with Israel, Pakistan and Egypt.

The new season opens with stocks of 2.543m bales and prices may come under pressure as the new crop starts to come on to the market in large quantities in November.

COMMODITIES NEWS DIGEST

Phelps Dodge to sell mine stake

Phelps Dodge, the large US-based copper producer, is to sell its controlling interest in the yet-to-be-developed McDonald gold project, in Montana, to its junior partner, Canyon Resources, for up to $150m. The proposed 8.2m ounce mine is sited on part of the Blackfoot river – focus of Norman Maclean's novel *A River Runs Through It* (and the subsequent Robert Redford movie) and famed for its trout-fishing and wilderness attributes. The project has been controversial, and is still ewaiting environmental permits six years after the deposit was discovered.

Three years ago, Phelps announced plans to sell the bulk of its 72.25 per cent stake to Echo Bay Mines, with Canyon also taking a smaller additional interest. The $150m deal fell through when Echo Bay pulled out.

Phelps said yesterday the latest decision to sell was unrelated to the previous deal and was based on a desire to allocate resources elsewhere – notably to the reopening of its Ajo copper mine in Arizona, the new $370m Safford copper project, also in Arizona, and the $337m expansion of the Candelaria copper operation in Chile.

Under the deal with Canyon, Phelps will receive an initial cash payment of $5m, and a further $95m-$145m once permits for the project have been granted or mina construction started. Canyon currently holds 27.75 per cent of the project, and will thus take its holding to 100 per cent.

Despite the environmental problems, Douglas Yearley, Phelps chief executive, said yesterday that the company considered McDonald to be a "sound" project, and "one we believe will be permitted and developed". It has been estimated that development of tha open-pit project would cost about $200m.

Canyon, which is based in Colorado, currently produces gold at the Briggs Mine in California, and also produces and sells industrial minerals. It said yesterday that it hoped to have the draft environmental impact statement for the McDonald project published by the middle of next year.

Nikki Tait, Chicago

■ WHEAT

Poor weather hits EU crop

Poor weather in the European Union will cut the 1997 wheat harvest by 4m tonnes to 95.3m tonnes, according to estimates from the International Grains Council in its latest monthly report.

However, better harvests in central and eastern Europe will make up that shortfall, reaching a total of 31.5m tonnes, up 5m tonnes on 1996. In North America, tha Canadian crop is down from 29.8m tonnes to an estimated 23m tonnes, while in the US the harvest should produce about 68.2m tonnes, up from 62.1m in 1996.

Bumper crops in India and China will bring world production up to about 588m tonnes in 1997-98, 5m more than in 1996-97, the IGC said. However, the estimate for consumption has also risen – to 584m tonnes.

The production/consumption balance is less favourable in coarse grains, where production is expected to fall from 902m tonnes to 877m tonnes, mainly because of lower crops in the US, Canada, China and Australia. As consumption is predicted to rise from 871m to 895m tonnes, stocks are predicted to decline.

Maggie Urry

Squeeze in zinc on LME resumes

MARKETS REPORT

By Kenneth Gooding and Maggie Urry

As the sqneeze in the London Metal Exchange's zinc market intensified again yesterday, analysts suggested it was causing an increasingly big impact on physical metal trade.

Exports of zinc from China in the first eight months of this year, according to official statistics, jumped 172 per cent to 364,176 tonnes, compared with the same months of 1996.

This is steadily reducing the zinc supply deficit that analysts have been anticipating, and will ease tbe upward pressure on prices when the squeeze ends.

Some Chinese smelters are believed to have caused the present tightness by speculatively selling 200,000 tonnes of zinc at about $1,100 a tonne, only to see prices rise well above that level.

The latest export statistics "confirmed the lengths that the Chinese have been going to in order to cover their short position", said Alan Williamson, analyst at Deutsche Morgan Grenfell. He suggested that most of the Chinese zinc had been sent to LME warehouses and shipments to customers had been kept to a minimum.

"Even if the smelters do eventually cover their requirements, a significant number of consumers will still be faced with finding extra supplies over tha coming weeks."

The premium for zinc for immediate delivery, compared with three-month metal, increased yesterday from $215 to $260 a tonne.

Cocoa prices firmed yesterday on suggestions that the El Niño weather pattern could restrict this year's crop. ED & F Man, the international trader, said poor weather could increase the world cocoa deficit in 1997-98 to 400,000 tonnes. Ivory Coast, the largest producer, had seen only a quarter of its normal September rain.

The report was contradicted by exporters in the country who said the crop would be at least 1m tonnes against 1.1m last year. On Liffe the December contract closed at £1,140, up £8.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1624-5	1636-7
Previous	1631-2	1638-9
High/low		1642/1626
AM Official	1622-2.5	1636-7
Kerb close		1629-30
Open int.	255,420	
Total daily turnover	86,300	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1440-45	1466-70
Previous	1445-50	1474-77
High/low		1475/1465
AM Official	1438-43	1465-70
Kerb close		1460-65
Open int.	5,540	
Total daily turnover	805	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	647-48	649-50
Previous	639-40	647-8
High/low		654/648
AM Official	646-7	651-2
Kerb close		650-52
Open int.	32,034	
Total daily turnover	8,257	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6365-75	6460-70
Previous	6340-45	6440-45
High/low		6500/6410
AM Official	6330-35	6435-40
Kerb close		6580-85
Open int.	52,871	
Total daily turnover	23,359	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5630-40	5675-80
Previous	5565-75	5620-25
High/low		5685/5620
AM Official	5610-15	5660-65
Kerb close		5670-75
Open int.	16,249	
Total daily turnover	3,017	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1680-65	1438-39
Previous	1650-65	1434-35
High/low	1675/1670	1445/1427
AM Official	1674-5	1433-4
Kerb close		1445-46
Open int.	82,678	
Total daily turnover	30,557	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2066-67	2092-93
Previous	2082.5-4.5	2110-12
High/low	2080	2117/2080
AM Official	2079-80	2107-8
Kerb close		2088-90
Open int.	147,736	
Total daily turnover	52,235	

■ LME AM Official £/$ rate: 1.6215
LME Closing £/$ rate: 1.6275

Spot: 1.6285 3 mths: 1.6224 6 mths: 1.6172 9 mths: 1.6115

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	93.60	-0.75	94.25	93.00	378	1,441
Oct	93.75	-0.90	94.40	93.00	96	3,108
Nov	94.35	-1.00	94.50	93.75	76	1,815
Dec	94.75	-1.05	96.25	93.80	4,070	27,389
Jan	95.00	-0.80	94.80	94.80	29	1,047
Feb	95.25	-0.55	95.35	95.35	22	1,084
Total					5,032	51,864

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	326.50-327.00		
Opening	323.20-323.50		
Morning fix	323.15	200.13	471.961
Afternoon fix	324.60	199.396	472.293
Day's High	327.50-328.00		
Day's Low	322.85-323.15		
Previous close	322.60-323.10		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.72	6 months	3.39
2 months	3.66	12 months	3.44
3 months	3.67		

Silver Fix	p/troy oz.	US cts equiv.
Spot	293.25	475.10
3 months	296.80	479.00
6 months	300.95	483.85
1 year	309.25	393.90

Gold Coins	$ price	£ equiv.
Krugerrand	320-322	197-198
Maple Leaf	-	-
New Sovereign	75-77	46-47

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	327.2	+3.6	-	-	-	-
Oct	327.4	+3.4	328.8	324.3	3,049	5,112
Dec	329.5	+3.8	330.2	325.4	26,002	116k
Feb	331.1	+3.5	331.5	327.4	1,325	15,450
Apr	332.9	+3.5	333.0	330.5	285	5,670
Jun	334.9	+3.6	335.3	332.0	110	8,810
Total					30,786	199,158

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	431.4	-6.6	438.0	431.0	1,614	8,117
Jan	422.4	-2.6	428.5	422.2	991	5,200
Apr	412.4	-2.6	415.0	412.0	25	671
Jul	408.4	-2.8	-	-	-	3
Total					2,630	13,991

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	195.30	-0.60	193.90	193.90	12	54
Dec	192.80	-1.10	193.50	191.50	305	3,212
Mar	188.80	-1.10	192.00	191.00	54	327
Jun	188.30	-1.10	193.50	193.50	-	108
Total					377	3,701

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	474.6	+3.5	477.5	474.0	68	129
Dec	478.5	+3.0	482.5	473.5	9,078	53,277
Jan	480.0	+3.0	-	-	2	22
Mar	484.8	+3.0	487.0	482.0	524	13,230
May	488.3	+3.0	487.0	486.0	226	3,268
Jul	491.9	+3.0	492.0	491.0	82	2,363
Total					9,672	78,685

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	20.34	+0.40	20.45	19.95	40,940	101k
Dec	20.42	+0.36	20.50	20.05	19,173	62,431
Jan	20.45	+0.37	20.50	20.08	5,840	37,264
Feb	20.42	+0.34	20.42	20.12	3,188	18,737
Mar	20.40	+0.32	20.30	20.25	1,384	10,765
Apr	20.27	+0.20	20.30	20.23	170	9,292
Total					74,210	383,143

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	19.22	+0.42	19.22	18.84	24,048	71,944
Dec	19.28	+0.38	19.29	18.95	7,329	27,384
Jan	19.30	-	19.30	19.00	2,900	23,453
Feb	19.28	+0.34	19.27	19.00	1,024	9,428
Mar	19.12	+0.25	19.14	19.00	313	4,357
Apr	18.49	-	-	-	-	2,323
Total					33,708	149,282

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	56.10	+0.86	56.45	55.25	18,393	25,623
Nov	57.00	+0.95	57.40	56.15	14,336	37,947
Dec	57.90	+1.00	58.15	56.90	5,211	20,057
Jan	58.45	+0.90	58.85	57.60	2,645	21,219
Feb	58.80	+1.05	58.85	58.10	11	11,985
Mar	58.00	+0.95	58.00	57.50	11	9,023
Total					43,358	150,417

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	172.50	+2.25	173.50	171.00	7,075	23,170
Nov	174.25	+2.75	174.50	172.50	2,727	16,486
Dec	175.50	+2.50	175.75	174.00	1,280	18,871
Jan	177.00	+2.50	177.25	175.75	210	12,692
Feb	177.25	+2.50	177.25	175.50	171	7,565
Mar	175.75	-	175.50	175.50	-	4,613
Total					11,331	93,096

■ NATURAL GAS IPE (1,000 therms; pence per therm)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	10.960	-0.180	11.150	10.920	345	1,955
Nov	13.380	+0.030	13.380	13.380	70	1,120
Total					1,335	11,280

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	3.120	+0.101	3.140	3.005	47,316	38,343
Nov	3.200	+0.115	3.220	3.090	19,201	47,355
Dec	3.280	+0.104	3.285	3.180	7,503	28,248
Jan	3.230	+0.090	3.240	3.150	3,748	26,302
Feb	2.825	+0.036	2.830	2.775	2,850	17,200
Mar	2.530	+0.050	2.560	2.480	1,882	11,756
Total					86,112	249,331

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	58.95	+0.58	59.25	58.30	15,679	20,227
Nov	57.75	+0.78	58.00	57.00	10,061	33,109
Dec	57.35	+0.73	57.55	56.55	2,832	14,885
Jan	57.60	+0.87	57.80	57.00	1,405	13,519
Feb	57.90	+0.77	57.90	57.60	589	4,253
Mar	58.60	+0.72	58.60	58.80	658	5,618
Total					32,840	104,973

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	85.75	-0.35	86.10	85.50	120	2,925
Jan	87.60	-0.40	87.80	87.50	43	3,047
Mar	89.60	-0.40	90.00	89.25	112	2,524
May	91.60	-0.40	91.30	91.25	96	1,474
Jul	93.60	-0.40	93.50	93.50	1	133
Sep	85.25	-	-	-	-	-
Total					281	10,103

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	365.75	+0.50	366.50	363.00	11,083	61,818
Mar	379.00	-0.50	380.50	377.00	2,335	24,217
May	385.25	-0.25	387.00	384.25	554	4,985
Jul	384.75	-1.25	386.50	382.50	858	10,382
Dec	398.50	-3.50	401.50	398.00	313	2,759
Total					15,143	103,982

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	258.50	-1.50	263.00	258.00	25,405	191,938
Mar	266.00	-2.00	272.00	266.75	3,620	60,034
May	273.00	-1.75	278.25	271.50	821	14,846
Jul	278.25	-2.00	279.75	275.00	1,267	26,542
Sep	270.25	-1.50	271.50	270.00	39	1,900
Dec	269.75	-	270.75	268.25	781	18,538
Total					31,983	312,014

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	80.50	-1.00	80.50	80.50	15	1,090
Jan	82.25	-1.00	83.00	82.75	60	751
Mar	84.10	-1.00	84.60	84.60	40	315
May	85.25	-0.75	86.75	86.75	3	23
Sep	81.50	-	-	-	-	-
Total					115	1,098

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	634.50	-3.75	643.00	631.50	30,389	97,859
Jan	637.50	-3.25	644.00	635.00	4,543	25,457
Mar	645.50	-3.25	651.00	643.00	2,146	10,909
May	653.50	-3.00	659.00	652.00	814	9,252
Jul	660.25	-3.75	665.00	658.50	1,634	10,100
Aug	656.75	-2.25	660.00	657.00	208	175
Total					40,465	158,402

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	23.64	-0.08	24.00	23.51	5,542	12,411
Dec	23.97	-0.15	24.48	23.89	9,240	53,808
Jan	24.15	-0.17	24.62	24.10	844	13,060
Mar	24.38	-0.19	24.80	24.35	478	6,565
May	24.47	-0.18	24.88	24.42	192	5,575
Jul	24.52	-0.18	24.98	24.65	75	4,960
Total					16,372	101,240

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	219.8	-0.1	220.8	216.4	3,793	24,729
Dec	205.7	-0.2	206.0	202.3	7,201	45,548
Jan	202.3	-0.8	203.2	200.0	1,288	13,251
Mar	198.2	-	198.5	196.7	1,410	12,045
May	196.8	-0.5	197.3	195.5	1,369	11,894
Jul	198.7	+0.1	198.8	197.3	607	6,075
Total					16,227	115,888

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	68.0	+6.0	70.0	70.0	-	7
Mar	73.0	-2.0	-	-	-	-
Apr	91.0	-2.0	96.0	88.0	203	1,049
May	105.0	-	105.0	105.0	20	2
Jun	115.0	-2.0	-	-	-	-
Total					208	1,060

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1282	+7	1285	1275	21	361
Oct	1389	-21	1390	1356	581	1,429
Nov	1455	-12	1480	1454	59	187
Jan	1460	-6	1460	1455	39	495
Apr	1455	-3	1465	1465	10	183
Total					660	2,675

	Close	Prev
BFI	1277	1276

PULP AND PAPER

■ PULPEX OMLX ($6; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	603.00	-1.00	605.00	600.00	35	154
Mar	621.00	-3.50	625.00	621.00	27	131
Total					62	219

FUTURES DATA
All futures data supplied by CMS.

Wool
This week saw the first big offering of Australian superfine merino wool in Newcastle, and prices rose sharply on September 23. The main eastern market indicator rose 12 cents to 722 cents. The superfine indicator rose 278 cents to 1,692 cents, compared with the previous superfine offering in Newcastle in February, and edged up a further 12 cents to 1,705 cents by the end of the week. Finer merinos have been in particularly strong demand in Europe. Sydney futures prices eased after Tuesday's peaks. Divergence between merinos and crossbreds remains a market feature.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1107	+15	1115	1103	25	85
Dec	1140	+8	1150	1136	3,140	49,226
Mar	1160	+8	1168	1156	2,499	48,211
May	1176	+8	1185	1178	213	22,987
Jul	1192	+8	1200	1191	186	8,881
Sep	1207	+5	1218	1206	823	12,546
Total					7,377	173,865

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1703	+12	1720	1684	5,157	47,686
Mar	1731	+13	1747	1712	6,776	27,224
May	1751	+13	1762	1739	274	11,941
Jul	1770	+12	1780	1768	173	3,589
Sep	1787	+14	1787	1787	220	4,510
Dec	1803	+14	1805	1804	381	8,581
Total					12,941	105,136

■ COCOA (ICCO) (SDR's/tonne)

Sep 24	Price	Prev. day
Daily	1292.58	1292.58

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1546	+4	1560	1552	50	265
Nov	1580	+5	1580	1560	2,026	17,561
Jan	1580	+8	1600	1580	1,132	9,473
Mar	1582	+8	1600	1581	808	4,212
May	1587	+10	1605	1600	59	681
Jul	1592	+15	1603	1595	28	256
Total					3,922	32,819

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	166.00	-2.85	171.00	165.00	3,864	12,831
Mar	154.00	-2.10	158.00	153.50	1,140	5,809
May	148.75	-2.40	152.50	150.00	239	1,871
Jul	143.50	-2.65	145.00	144.00	283	1,730
Sep	138.25	-2.80	139.00	139.00	91	488
Dec	133.90	-2.35	138.00	134.40	103	310
Total					5,808	23,117

■ COFFEE (ICO) (US cents/pound)

Sep 24	Price	Prev. day
Comp. daily	127.91	127.51
15 day average	133.12	134.10

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	298.0	-0.4	301.0	295.0	2,658	9,691
Mar	304.6	-2.8	308.1	303.0	4,784	13,770
May	310.0	-2.4	312.6	307.8	870	2,887
Aug	313.9	-2.0	315.9	311.5	141	1,782
Oct	312.4	-0.7	312.8	310.5	59	2,458
Dec	313.0	-2.3	318.0	314.0	10	132
Total					8,523	30,775

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	10.61	-0.15	10.75	10.60	12,928	24,058
Mar	11.33	-0.08	11.44	11.26	22,856	90,085
May	11.53	-0.08	11.62	11.47	4,822	22,374
Jul	11.41	-0.04	11.47	11.36	2,410	17,736
Oct	11.40	-0.08	11.50	11.39	1,445	13,680
Mar	11.41	-0.05	11.49	11.39	253	2,484
Total					44,854	170,824

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	71.90	+0.30	71.90	71.20	507	263
Dec	72.78	-0.32	74.48	73.63	8,761	47,960
Mar	74.85	-0.35	75.55	74.80	965	14,948
May	73.47	-0.26	75.05	75.40	125	6,518
Jul	76.10	-0.30	76.40	76.00	218	6,170
Oct	75.83	-0.12	75.50	75.50	82	625
Total					10,679	84,550

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	73.75	+3.05	74.00	69.90	413	18,544
Jan	76.45	+3.55	76.50	73.00	294	9,559
Mar	79.50	+3.70	79.50	76.00	204	8,329
May	82.00	+3.40	82.00	79.10	87	1,596
Jul	83.80	+2.80	81.75	81.75	11	696
Sep	85.40	+2.00	-	-	-	274
Total					996	37,086

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Sep 25	Sep 24	month ago	year ago
1896.4	1899.2	1915.4	1889.7

■ CRB Futures (Base: 1967 = 100)

Sep 24	Sep 23	month ago	year ago
241.96	246.45		

■ GSCI Spot (Base: 1970 = 100)

Sep 24	Sep 23	month ago	year ago
198.38	198.45	191.03	200.02

LME WAREHOUSE STOCKS (tonnes)

Aluminium	+1,075	to	725,825
Aluminium alloy	-400	to	51,020
Copper	+3,675	to	319,425
Lead	-60	to	121,700
Nickel	+42	to	60,678
Zinc	+150	to	433,275
Tin	+25	to	11,205

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	67.950	+0.425	68.100	67.500	7,112	24,192
Dec	67.925	+0.150	68.275	67.600	8,533	35,024
Feb	70.825	+0.125	71.000	70.575	2,623	16,087
Apr	73.850	+0.075	73.950	73.525	1,094	10,066
Jun	70.375	+0.150	70.400	70.100	601	6,697
Aug	70.000	+0.100	70.150	70.000	288	2,009
Total					20,258	94,738

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	69.725	-0.400	70.000	69.575	2,994	10,694
Dec	65.575	-0.125	65.800	65.350	3,720	10,869
Feb	64.675	-0.125	64.775	64.400	586	4,138
Apr	61.575	-0.225	61.750	61.400	232	1,669
Jun	66.950	-0.350	67.050	66.750	249	1,173
Jul	65.150	-0.175	65.600	65.150	23	701
Total					7,795	29,643

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	63.875	-0.025	64.400	63.750	1,108	4,990
Mar	63.600	-0.100	64.150	63.600	57	469
May	64.600	+0.375	65.200	64.500	17	108
Jul	65.475	+0.125	66.400	65.000	12	44
Aug	63.475	-	-	63.475	-	10
Total					1,194	5,638

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1600	60	84	24	52
1650	33	59	47	77
1700	16	41	80	107
■ COPPER (Grade A) LME	Oct	Jan	Oct	Jan
2000	113	147	33	63
2100	58	95	77	109
2200	25	58	143	169
■ COFFEE LIFFE	Nov	Jan	Nov	Jan
1450	122	185	12	55
1500	84	154	24	74
1550	56	127	48	97
■ COCOA LIFFE	Dec	Mar	Dec	Mar
1075	87	127	22	42
1100	71	111	31	51
1125	57	97	42	62
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1800	-	-	7	-
1850	-	-	19	-
1900	43	-	42	-

LONDON SPOT MARKETS

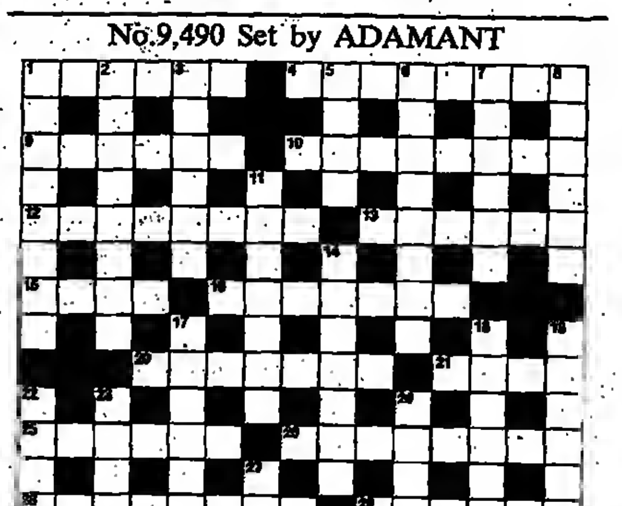
■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$18.40-8.50w	+0.365
Brent Blend (dated)	$19.02-9.09	+0.520
Brent Blend (Nov)	$19.18-9.22	+0.460
W.T.I.	$20.35-0.37w	+0.485
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$208-209	-2
Gas Oil	$174-175	+2
Heavy Fuel Oil	$92-94	-
Naphtha	$198-199	+2
Jet fuel	$190-192	+2.5
Diesel	$181-183	+3
■ NATURAL GAS (Pence/therm)		
Bacton (Oct)	10.95-11.05	-0.15
Petroleum Argus. Tel. London (0171) 359 8792		
■ OTHER		
Gold (per troy oz)♣	$326.75	+3.90
Silver (per troy oz)♣	478.00c	+5.00
Platinum (per troy oz.)	$436.00	-4.00
Palladium (per troy oz.)	$192.00	-2.00
Copper	100.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	16.44r	
Tin (New York)	261.5	
Cattle (live weight)	97.42p	-1.63*
Sheep (live weight)	106.65p	-2.83*
Pigs (live weight)†	81.95p	+1.35*
Lon. day sugar (raw)	$261.90	-3.50
Lon. day sugar (wte)	$298.00	-8.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Oct)♥	58.50p	-0.50
Rubber (Nov)♥	58.50p	-0.50
Rubber (KL RSS No1)	262.0z	
Coconut Oil (Phil)§	655.0y	+15.0
Palm Oil (Malay.)§	552.5z	
Copra (Phil)§	$420.0z	+5.0
Soyabeans (US)	221.0	
Cotton Outlook'A' index	78.50c	
Wooltops (64s Super)	437p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Sep/Oct. z Oct/Nov. w Nov. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 3,019 head of pigs sold.

JOTTER PAD

CROSSWORD

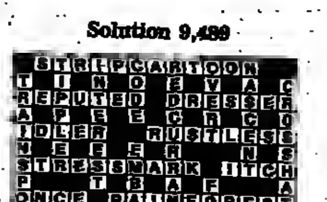
No.9,490 Set by ADAMANT



ACROSS
1 Over a hundred on track of lawyer (6)
4 In Germany I stick around for the copy (8)
9 Go round the other junction to a restricted area (6)
10 Went up when chapter finished (8)
12 He's willing to make a gift (8)
13 Fighting man could remain upset (6)
15 Car crashing on English land (4)
16 Came into line and put some clothes on (7)
20 Sugar cane can cause pain in the mouth it's said (7)
21 Show irritation at tha smoke (4)
25 Joined players in duet (6)
26 Note the clubman will call to mind (8)
28 Confide that the peacekeepers will refrain (8)
29 Stabilise wages for top band, we hear (6)
30 Irritating to get weary with a part (8)
31 Let the easel slip, the dunderhead (6)

DOWN
1 Near to coming up with agreement on drink (8)
2 Rate adjustment certain to bring wealth (8)
3 Artist starting to colour the wickerwork (6)
5 Coming up in despair to end of church (4)
6 Agree ten is wrong for adolescent (8)
7 He's on course to advise the driver (6)
8 Went round when journalist ran out of breath (6)
11 Bravery of you and me in prison (7)
14 Confident of being equally certain on the day (7)
17 Prepares to fight the diplomats over rare manuscript (8)
18 They might hold sedatives for tense fitful slumber (8)
19 Start to be matey, but finish after brief diversion (8)
22 Majestic period of time (6)
23 Row about doctor's deal for example (6)
24 Judge points to late form of transport (6)
27 Name of Hilary perhaps (4)

Solution 9,489



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BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

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[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

هكذا من الأصل

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Premier Life

1 Rue Emile Bian, Luxembourg

Professional Investment Consultants

Royal Life International

Royal Court, Albany Rd, Castletown Iom 01624 821212

Royal Skandia Life Assurance Ltd

Atlantis Fund Management (Guernsey) Ltd

Crystal Corporation N.V.

Global Asset Management – Contd.

Insinger Asset Management

MPFC Overseas Limited

ORIENT Growth Fd

Shizuoka Investment Mngmt (Bermuda) Ltd

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

هكذا من الأصل

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LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

Approved by the Inland Revenue

Net asset values supplied by [illegible] as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculation are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

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LONDON STOCK EXCHANGE

Profit warnings take the shine off equities

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A spste of profit warnings blunted the equity market's cutting edge yesterday, reminding investors of the potential for unpleasant surprises and leaving share prices modestly easier on the day.

Adding slightly to the market's discomfort was Wednesday's decline on Wall Street, where the Dow Jones Industrial Average lost touch with the 8,000 level, finishing 63 points lower.

Wall Street also caused further uneasiness in London when the US market kicked off yesterday. The Dow slipped by around 20 points shortly after trading commenced.

But dealers were by no means disheartened by the day's events, with some pointing out that all the main FTSE indices remain within striking distance of their all-time closing and intra-day highs.

"It woo't take much to drive this market to new peaks," was the view of the head trader et ons big Europesn securities house.

Others adopted a much more cautious view of the market's short term prospects, pointing out that marketmakers had filled in most of a large number of short positions and there was no longer the need for them to hoist prices to attract sellers. They also noted stsrling's latest upward move.

The gilts market provided precious little help for equities yesterday, easing a few ticks early on, despite the successful auction of £1.5bn-worth of 25-year stock. They later edged higher to close virtually unchanged.

Gilts gave no real reaction to trade figures for July showing s deficit of £450m, against forecasts of around £400m, and a non-EU trade deficit of £389m, slightly better than expectations.

At ths close, the FTSE 100 index was 11.7 easier at 5,065.5, while the FTSE 250, which suffered two of the profits warnings, was 6.7 easier st 4,716.2. The SmallCap, similarly burdened by warnings, managed a modest rise of 2.1 to 2,306.9.

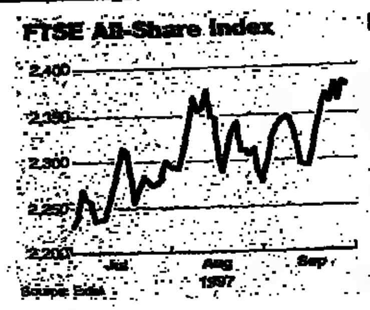
Turnover in equities reached 899m at the 6pm cut-off figure and was boosted considerably by activity in Shell, which accounted for about 9 per cent of the overall total.

There has been exceptionally heavy activity in Shell since last Thursday when derivstives-linked business triggered large volumes in the cash market. Turnover on Wednesday was 791m shares, with non-Footsie stocks accounting for 51 per cent of the total.

Unlike recent sessions, the day's company news provided some serious downside shocks for the market. Redland's interims were deemed to be extremely disappointing and the shares reacted violently to news of problems in Germany, sliding over 20 per cent and also driving shares in RMC sharply lower.

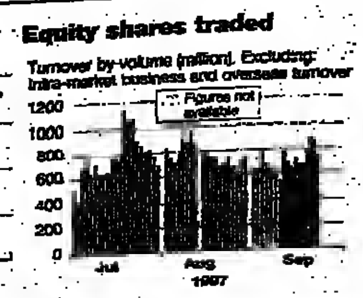
The brewing and pubs sectors were given another thorough going over, as Greenalls' warning on Wednesday of slowing sales was followed by an equally bearish trading update from Wolverhampton & Dudley, the second worst performer in the 250 index.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FTSE 100	5065.5	−11.7
FTSE 250	4716.2	−6.7
FTSE 350	2435.5	−5.2
FTSE All-Share	2379.37	−4.61
FTSE All-Share yield	3.28	3.29
FT 30	3276.5	−1.7
FTSE Non-Fins p/e	20.09	20.14
FTSE 100 Fut Dec	5135.0	−34.0
10 yr Gilt yield	6.68	6.68
Long gilt/equity yld ratio	2.04	2.04

Best performing sectors

1. Healthcare .... +1.3
2. Engineering: Vehicles .... +0.9
3. Banks: Retail .... +0.5
4. Insurance .... +0.3
5. Leisure & Hotels .... +0.3

Worst performing sectors

1. Building Matls .... −2.4
2. Breweries: Pubs .... −1.5
3. Tobacco .... −1.4
4. Oil Exploration & Prod .... −1.1
5. Electricity .... −0.9

Double boost for Rank

By Steve Thompson, Peter John and Martin Brice

Rank, the leisure group, emerged from a period of dismal performance, to be the day's best Footsie performer as Henderson Crosthwaite, the stockbroker, called the bottom of the shares and gave the stock e 400p target price.

Mr Brian Newman st Henderson Crosthwaite said he felt Rank "has passed the worst" snd that the stock "would respond quickly to positive fundameotals and s strong technical position."

In August, Rank embarked oo an operatioo to purchase around 86m of its own ehares and still has ebout 30m shares to buy.

The Henderson analyst also said that with the major restructuring of the business, the sale of its 20 per cent stake in Rank Xerox to Xerox Corporation, plus a substantial investment in the Butlins business oow completed, the shares were on their way to 400p.

Another story, unconnected to the Henderson recommendation, was thet Rank might be considering the flotation of its highly successful Hard Rock Cafe chain of restaurants.

However, specialists said Rank had indicated it had no immediate plans for any such move and that Rank would want to reap the benefits of a top quality global brand before it would sell the business.

Rank shares finished the day 10 higher at 363½p after good turnover of 3.5m. They hit a four-year low of 325½p in mid-August, having reached an all-time high of 545p in April 1996.

British Petroleum moved forward as the market began to take on hoard increasingly optimistic estimates for a potentially huge discovery off the coast of Africa.

Elf, the French company which has the majority rights to Angola'e prolific deep water block 17, said potential reserves might be hetweeo 3bo and 4ho harrels, far higher than previously forecast. Some anelysts believe Elf is hsing conservative and the liquid reserves could be as great as 5bn barrels.

BP has a 17 per cent stake in the Angolan block and the top estimates metch the combined reserves of Brent and Forties, the hig 1970s North Sea discoveries which provided the UK's oil boom.

Dealers said Lehmen Brothers was pointing out the positive aspects of the deal and an analyst at a rival broker said: "This is an extremely large field and eppears to be getting larger."

Dominique Simondon, a petroleum engineer, told an oil industry conference the Elf estimate was based on preliminary seismic findings and geologists estimates and would take several years to prove. He said: "No one can prove 3bn to 4bn barrels yet, and it will certainly not be in the proveo reserves of ths company." BP's shares lifted 5½ to 917p, despite the return of a stronger pound and against the trend for Shell Transport which fell 6½ to 443p.

However, Shell continued to make its mark in the volume tahles with turnover hitting 85m shares as dealers execnted another option-related trade ahead of the stock going ex-dividend on Mondsy.

Poor interim results from Redland sew its shares achieve the biggest fall as well as the some of the highest volume in the FTSE 250. They shed 61½ to 220p in 16m traded after the company warned of problems in the German housing market. The effect spread to RMC shares, as they topped the list of Footsie fallers with e drop of 31½ to 975p.

Analysts said while their forecasts for RMC were not being downgraded, the drop io RMC's share price stemmed from Redland's comment that German roof tile volumes were down.

While RMC was the main recipient of this poor sentiment, it also spread to others exposed to the German housing market. Wolseley was off 5½ et 496p, while BPB shed 13½ to 335½p. Pilkington, with 37 per cent of sales in mainland Europe, shed 4½ to 149p and its warrants surrendered 3½ to 39p.

The profits warning from Wolverhampton & Dudley Breweries added to the sector's hangover from the gloomy statement from Greenalls Group the dey before, and eent hrewery shares sinking.

The sector has underperformed the FTSE All-Share by 14 per cent in the past year, but many of the brewers have done much worse than that. Wolverhampton, down 37 to 520p yesterday, had underperformed hy 27 per cent before yesterday's fall, while Greenalls, down 14 to 400p yesterday, had underperformed by 42 per cent.

However, PizzaExpress, up 18½ yesterday at 778p, had lifted the overall showing of the sector with its 33 per cent outperformance.

Bass was one of the bigger FTSE 100 fallers yesterday with its decline of 17½ to 831p, while Scottish & Newcastle was also among the leading fallers with a drop of 14½ to 723p. Vaux Group was among the list of big fallers in the FTSE 250, as it surrendered 6 to 257½p.

Encouraging product news from Biocompatibles, the biotechnology group, sent the shares bounding up 97½ to 555p.

The rise marked a recovery from recent sharp losses caused by disappointment over the company's deal with Johnson & Johnson of the US.

The company makes coronary stents – metal davices used to hold open damaged hlood vessels – and a spokesman said scientific reports in Washington and Stockholm had revealed that the rejection rate had dropped below 4 per cent.

Shares in Glaxo Wellcome underperformed a weak market, slipping 14½ to £13.59 as a report in the New England Journal of Medicine took some of the gloss off hopes for the company's flu product.

Reuters was hit by adverse currency moves which offset a raised recommendation from NatWest Securities. The broker raised its stance to accumulate from hold, on the basis that it is "the most attractive prospect in the sector for long-term investors". The news and financial information group'e ehares dipped 8½ to 686p.

Granada Group advanced 11 to 875½p following its preeentation to analysts on Tuesday. Fraser Ramzan at Lehman Brothers described it as "one of the most impressive analysts' presentations we have seen in e long time."

He told clients yesterday: "This company has an unrivalled entrepreneurial spirit that permeates throughout the company," and reiterated his £10 target price for the stock.

Laura Ashley was off 6½ at 59p after it issued another profits warning.

Science Systems, placed at 129p on Aim yesterday, ended the session at 145p.

FT 30 INDEX

	Sep 25	Sep 24	Sep 23	Sep 22	Sep 19	Yr ago	*High	*Low
FT 30	3276.5	3278.2	3254.0	3277.2	3245.6	2817.6	3278.2	2668.8
Ord. div. yield	3.45	3.45	3.48	3.60	3.48	4.02	4.22	3.39
P/E ratio net	21.31	21.33	21.16	20.43	21.14	17.14	21.33	15.80
P/E ratio nil	21.02	21.04	20.87	20.15	20.85	16.98	21.04	15.71

FT 30 since compilation: high 3278.2 24/09/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3275.1	3273.7	3270.0	3274.0	3278.4	3279.0	3276.0	3275.0	3273.9	3279.1	3269.5

	Sep 25	Sep 24	Sep 23	Sep 22	Sep 19	Yr ago
SEAQ bargains	39,857	39,866	43,331	46,692	45,905	34,836
Equity turnover (£m)†	–	2893.2	2752.5	2840.1	2670.4	1392.8
Equity bargains†	–	41,519	42,840	48,039	42,132	32,091
Shares traded (ml)†	–	1127.9	746.2	874.7	889.5	480.4

†Excluding intra-market and overseas turnover but including Crest turnover.

 *For 1997.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	866	Total Highs	126	Total contracts	79,874
Total Falls	749	Total Lows	57	Calls	6,911
Same	1,852			Puts	72,963

Sep 25 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	5150.0	5135.0	-34.0	5160.0	5118.0	5842	64293
Mar	5183.0	5178.0	-35.0	5188.0	5180.0	166	1805

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		4769.0	-6.6			0	6762

FTSE 100 INDEX OPTION (LIFFE) (*5062) £10 per full index point

	4900 C	4900 P	4950 C	4950 P	5000 C	5000 P	5050 C	5050 P	5100 C	5100 P	5150 C	5150 P	5200 C	5200 P	5250 C	5250 P
Oct	228	39½	190½	53½	153	67½	122	86	92	110½	68	139½	49	171½	35	210
Nov	267½	86½	266	100	227	116	197½	139	167½	161½	140	186	118½	215½	97½	246½
Dec	342½	111	306	125½	274½	145½	244	164½	213½	185	183½	207½	161	238½	139	267
Jan	378½	131½	345½	150	315½	170½	286½	191½	255½	213½	226	236½	203½	266	182	295½
Jun†	598	202½			447	241			387	281½			332	329		

Calls 761 Puts 1,329

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4925 C	4925 P	4975 C	4975 P	5025 C	5025 P	5075 C	5075 P	5125 C	5125 P	5175 C	5175 P	5225 C	5225 P	5275 C	5275 P
Oct	204½	46½	167½	59½	134	76	104½	96	79	120½	58	149	40½	181½	27½	218½
Nov	276	93	243	107½	210½	124½	179½	143	152	165	127½	189½	105	216½	85½	246½
Dec	322½	116	288	132	257	149	227	168	198	188½	172½	212	149½	238	128½	266
Mar	424	180			362½	215			305½	254½			258½	298½		
Jun†	507½	214			446½	247½			388	284			333	323½		

Calls 1,709 Puts 6,310 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	–	415	395	Antofagasta Uts	402½	+5	–	–	–	–
§	F.P.	5.41	105	105	†Aran Resources	105		K4.2	–	5.0	–
–	F.P.	91.5	117¼	101	Bristol & W Prf	116½	-¼	–	–	–	–
§100	F.P.	32.0	150½	108½	Cammell Laird	150½	+2	L3.8	2.1	3.2	14.5
100	F.P.	8.27	155	109½	†Computerland UK	154½	+27	M1.45	4.6	1.2	23.1
	F.P.	–	125	114	EMI B	121xd		22.75	–	2.8	–
§	F.P.	6.91	65	52½	†GR Holdings	52½		–	–	–	41.6
§150	F.P.	338.5	297½	162½	Galen Hldgs	277½	+4	L0.8	5.7	0.4	44.7
§125	F.P.	5.43	135	90½	†Hallcon Publsg	92½		–	–	–	–
§134	F.P.	6.47	135½	134½	†I S Solutions	135½		–	–	–	45.8
§160	F.P.	17.9	185	172½	†Kingfisher Leis	185		LW2.0	6.0	1.4	15.4
100	F.P.	31.5	112½	98½	Reabourne Merlin	104½		–	–	–	–
§100	F.P.	7.99	120½	105½	†SBS Group	112½	+2	L2.4	2.0	2.7	19.8
§129	F.P.	24.6	145½	138½	†Science Systems	145		b1.47	4.6	1.9	21.4
–	F.P.	–	39½	30	Severn Trent B	37½		–	–	–	–
–	F.P.	–	54½	37½	†Stentor Warrants	43½	+3½	–	–	–	–
	F.P.	–	22¾	19½	Thorn B	20½		–	–	–	–
–	F.P.	70.2	68½	56½	Vigien Tech	57½	-1½	–	–	–	–

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Sep 24	% chg on day	Sep 23	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index†(32)	1364.80	+2.1	1327.47	1999.28	2.21	–	1995.11	1270.14
Regional Indices								
Africa (15)	1227.82	+0.2	1224.98	2540.95	6.19	21.11	2590.78	1224.90
Australasia (6)	1438.18	−0.7	1438.47	2031.06	2.79	16.98	2218.00	1336.10
North America (11)	1402.14	+3.0	1360.85	1760.38	0.98	56.33	1838.77	1244.23

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition. Market closed 24/9/97: South Africa.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Sep 25	Day's chge%	Sep 24	Sep 23	Sep 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	5065.5	−0.2	5077.2	5027.5	5075.7	3933.2	3.23	2.04	18.94	122.50	2176.92
FTSE 250	4716.2	−0.1	4722.9	4709.9	4707.2	4404.9	3.56	1.78	19.71	114.44	1982.24
FTSE 250 ex IT	4727.6	−0.1	4734.1	4720.7	4717.6	4437.3	3.69	1.82	18.59	118.36	1993.25
FTSE 350	2435.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Higher Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Lower Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share	2379.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FTSE Actuaries Industry Sectors

	Sep 25	Day's chge%	Sep 24	Sep 23	Sep 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(21)	[illegible]										
12 Extractive Industries(6)	[illegible]										
15 Oil, Integrated(3)	[illegible]										
16 Oil Exploration & Prod(12)	[illegible]										
20 GEN INDUSTRIALS(262)	[illegible]										
21 Building & Construction(35)	[illegible]										
22 Building Matls & Merchs(30)	[illegible]										
23 Chemicals(25)	[illegible]										
24 Diversified Industrials(15)	[illegible]										
25 Electronic & Elect Equip(37)	[illegible]										
26 Engineering(65)	[illegible]										
27 Engineering, Vehicles(13)	[illegible]										
28 Paper, Pckg & Printing(27)	[illegible]										
29 Textiles & Apparel(14)	[illegible]										
30 CONSUMER GOODS(85)	[illegible]										
32 Alcoholic Beverages(7)	[illegible]										
33 Food Producers(23)	[illegible]										
34 Household Goods(17)	[illegible]										
36 Health Care(18)	[illegible]										
37 Pharmaceuticals(12)	[illegible]										
38 Tobacco(2)	[illegible]										
40 SERVICES(255)	[illegible]										
41 Distributors(30)	[illegible]										
42 Leisure & Hotels(31)	[illegible]										
43 Media(41)	[illegible]										
44 Retailers, Food(15)	[illegible]										
45 Retailers, General(53)	[illegible]										
47 Breweries, Pubs & Rest.(22)	[illegible]										
48 Support Services(54)	[illegible]										
49 Transport(25)	[illegible]										
60 UTILITIES(33)	[illegible]										
62 Electricity(16)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(9)	[illegible]										
68 Water(12)	[illegible]										
69 NON-FINANCIALS(665)	[illegible]										
70 FINANCIALS(105)	[illegible]										
71 Banks, Retail(11)	[illegible]										
73 Insurance(17)	[illegible]										
74 Life Assurance(6)	[illegible]										
77 Other Financial(27)	[illegible]										
79 Property(42)	[illegible]										
80 INVESTMENT TRUSTS(127)	[illegible]										
89 FTSE All-Share(901)	[illegible]										
105 FTSE All-Share ex IT(774)	[illegible]										
FTSE Fledgling	[illegible]										
FTSE Fledgling ex IT	[illegible]										
FTSE AIM	[illegible]										

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	[illegible]										
FTSE 250	[illegible]										
FTSE 350	[illegible]										
FTSE SmallCap	[illegible]										
FTSE All-Share	[illegible]										

[illegible]

Further information is available on http://www.ftse.com.

† Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	492	512	−4½
AMVESCAP	2,700	404	+5
ASDA Group†	7,600	164½	+2
Abbey National†	1,400	904	+4½
Airtours	36	1035	−10
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. All trades are rounded. Source: Extel, part of FT Information.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 25 / Sch)

BELGIUM/LUXEMBOURG (Sep 25 / Frs.)

CZECH REP (Sep 25 / Koruna)

DENMARK (Sep 25 / Kr)

FINLAND (Sep 25 / Mka)

FRANCE (Sep 25 / Frs.)

GERMANY (Sep 25 / Dm.)

GREECE (Sep 25 / Drachma)

ITALY (Sep 25 / Lira)

NETHERLANDS (Sep 25 / Fls.)

NORWAY (Sep 25 / Kroner)

POLAND (Sep 25 / Zloty)

PORTUGAL (Sep 25 / Escudo)

SPAIN (Sep 25 / Pts.)

SWEDEN (Sep 25 / Kronor)

SWITZERLAND (Sep 25 / Fr.)

TURKEY (Sep 25 / Tk Lira)

PACIFIC

JAPAN (Sep 25 / Yen)

HONG KONG (Sep 25 / H.K.$)

INDONESIA (Sep 25 / Rupiah)

MALAYSIA (Sep 25 / MYR)

NEW ZEALAND (Sep 25 / NZ $)

SINGAPORE (Sep 25 / S$)

AUSTRALIA (Sep 25 / Aust$)

SOUTH KOREA (Sep 25 / Won)

TAIWAN (Sep 25 / T$)

THAILAND (Sep 25 / Baht)

AFRICA

SOUTH AFRICA (Sep 25 / Rand)

NORTH AMERICA

CANADA

TORONTO (Sep 25 / Can $)

3:30 pm

MONTREAL (Sep 25 / Can $)

3:30 pm

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY SEPTEMBER 24 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY SEPTEMBER 23 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	235.65	-0.3	216.68	178.67	217.05	217.43	-0.4	3.52	236.33	217.34	161.51	220.59	218.27	243.87	200.45	200.45
Austria (24)	206.40	1.6	189.79	156.50	190.11	190.03	0.3	1.73	203.09	189.77	155.67	189.56	189.47	206.40	175.14	177.08
Belgium (28)	244.05	0.5	224.40	185.04	224.79	220.12	-0.8	3.10	242.84	223.32	186.50	226.66	221.94	261.11	215.57	216.64
Brazil (30)	275.57	0.0	253.38	208.94	253.82	555.46	0.1	1.32	275.45	253.31	211.55	257.10	555.13	322.44	178.94	184.66
Canada (124)	224.70	-0.1	206.61	170.37	206.96	225.92	-0.1	1.66	224.83	206.85	172.75	209.65	226.20	224.94	169.12	169.12
Denmark (32)	399.24	2.5	367.10	302.71	367.73	366.27	1.1	1.40	389.69	358.37	299.28	363.73	362.29	421.25	319.26	316.26
Finland (26)	317.87	1.7	292.28	241.02	292.79	352.85	0.4	1.56	312.63	287.50	240.10	291.81	351.39	317.87	209.53	209.53
France (83)	239.38	2.3	220.11	181.50	220.49	223.54	0.8	2.36	234.08	215.27	179.79	218.49	221.54	239.38	195.11	195.11
Germany (59)	228.95	1.4	210.52	173.60	210.89	210.89	0.1	1.36	225.76	207.62	173.39	210.73	210.73	238.42	177.27	177.42
Hong Kong, China (86)	496.16	0.8	456.22	376.20	457.00	492.99	0.7	3.15	492.34	452.77	378.12	459.55	489.36	580.03	438.87	438.87
Indonesia (27)	156.02	2.0	143.46	118.30	143.71	288.58	2.7	2.25	152.90	140.61	117.43	142.71	280.92	254.90	130.64	208.30
Ireland (17)	370.15	1.2	340.35	280.66	340.94	353.93	0.4	2.74	365.75	336.36	280.90	341.39	352.40	376.16	293.47	293.47
Italy (53)	113.83	2.1	104.66	86.31	104.84	147.02	0.9	1.62	111.43	102.48	85.58	104.01	145.74	113.83	74.29	74.29
Japan (485)	123.57	3.0	113.63	93.70	113.82	93.70	1.7	0.85	118.96	110.32	92.13	111.97	92.13	147.81	107.57	146.03
Malaysia (107)	306.21	-0.7	281.56	232.17	282.04	358.81	-0.6	2.00	308.45	283.66	236.89	287.91	361.79	660.85	287.37	561.85
Mexico (27)	1826.73	-1.4	1679.67	1385.06	1682.57	15638.49	-0.7	1.55	1853.69	1704.74	1423.67	1730.24	15746.70	1864.38	1136.59	1255.46
Netherlands (19)	411.11	0.9	378.01	311.71	378.66	374.33	-0.4	2.23	407.28	374.55	312.90	380.16	375.83	431.66	299.22	299.22
New Zealand (14)	91.38	-0.3	83.97	69.25	84.12	75.92	-0.7	4.01	61.64	84.28	70.38	85.54	76.45	96.47	83.03	87.60
Norway (41)	345.26	1.3	317.47	261.78	318.01	336.90	0.3	1.82	340.90	313.50	261.81	318.18	335.96	345.26	251.32	254.27
Philippines (22)	99.79	1.9	91.75	75.66	91.91	165.84	1.1	1.28	97.93	90.06	75.21	91.41	163.98	214.07	96.40	206.03
Singapore (42)	298.60	-0.7	274.56	226.40	275.04	208.13	-0.6	1.52	300.78	276.61	231.00	280.75	209.74	448.01	284.17	399.54
South Africa (43)	322.22	0.1	296.28	244.31	296.79	330.84	0.0	2.58	321.74	295.88	247.10	300.31	330.34	370.12	301.49	348.34
Spain (33)	273.39	3.0	251.38	207.29	251.82	309.69	1.6	2.12	265.56	244.22	203.85	247.87	304.75	276.05	179.18	179.18
Sweden (49)	528.56	1.8	486.01	400.77	486.85	591.36	0.8	1.74	518.18	477.45	398.74	484.60	586.72	528.56	375.56	375.56
Switzerland (33)	317.89	1.3	292.30	241.03	292.81	287.09	0.2	1.16	313.68	288.48	240.91	292.79	396.61	329.59	231.69	241.80
Thailand (42)	41.74	6.0	38.38	31.65	38.45	58.73	3.1	4.79	39.77	36.56	30.55	37.12	56.96	146.69	37.40	137.99
United Kingdom (213)	321.68	0.9	295.79	243.90	296.29	295.79	0.9	3.36	318.65	293.04	244.79	297.43	293.04	325.28	246.23	246.23
USA (634)	384.71	-0.7	353.74	291.69	354.35	384.71	-0.7	1.61	387.54	356.40	297.64	361.73	387.54	389.67	279.34	279.34
Americas (815)	351.76	-0.7	323.44	266.71	324.00	296.35	-0.7	1.81	354.23	325.77	272.06	330.64	298.42	356.35	255.50	255.50
Europe (712)	284.88	1.4	261.95	216.00	262.40	269.22	0.6	2.36	280.92	258.35	215.75	262.22	267.64	284.88	215.77	215.77
Nordic (150)	446.70	1.8	410.74	338.70	411.45	439.63	0.7	1.68	438.71	403.46	336.93	409.49	436.47	446.70	320.92	320.92
Pacific Basin (881)	138.87	2.3	127.66	105.29	127.91	106.56	1.3	1.36	135.70	124.79	104.22	126.66	105.17	162.15	127.18	160.07
Euro-Pacific (1593)	199.81	1.8	183.72	151.50	184.04	167.59	0.9	1.86	196.31	180.53	150.77	183.24	166.12	209.12	173.55	183.15
North America (758)	374.84	-0.7	344.66	284.21	345.25	374.17	-0.7	1.61	377.48	347.14	289.91	352.34	376.81	379.38	272.62	272.62
Europe Ex. UK (499)	258.24	1.7	237.45	195.80	237.86	248.08	0.4	1.80	254.01	233.60	195.08	237.08	247.10	258.24	194.47	194.47
Pacific Ex. Japan (396)	272.96	0.2	250.99	206.96	251.42	252.86	0.1	3.03	272.37	250.49	209.19	254.23	252.52	320.65	260.02	287.30
World Ex. US (1617)	204.09	1.6	137.66	154.74	137.98	174.70	0.8	1.94	200.85	184.71	154.26	187.47	173.33	212.89	178.94	194.91
World Ex. UK (2238)	256.16	0.4	235.56	194.24	235.96	228.96	-0.1	1.60	255.13	234.63	195.94	238.14	229.07	262.69	211.18	211.26
World Ex. Japan (1966)	331.95	0.0	305.22	251.69	305.75	324.28	-0.2	1.94	331.81	305.14	254.83	309.71	325.02	334.83	251.14	261.14
The World Index (2451)	261.80	0.5	240.73	198.50	241.14	235.10	0.1	1.78	260.59	239.65	200.14	243.23	234.99	267.21	214.31	214.31

Emerging markets: IFC investable indices

Dollar terms

Sept 24 Market		Day's % chg	% Chg since 31/12/96
Latin America			
Argentina	1,222.54	+1.3	+28.8
Brazil	567.75	+0.1	+49.2
Chile	778.80	-0.2	+25.6
Colombia[1]	866.30	-0.1	+36.8
Mexico	795.94	-1.4	+50.3
Peru[2]	237.39	-1.3	+20.6
Venezuela[3]	1,152.40	-1.5	+58.3
East Asia			
China[4]	63.93	-0.6	+13.8
Korea[5]	69.27	-0.2	-10.3
Philippines	151.87	+1.5	-48.3
Taiwan, China[6]	177.11	-0.8	+15.6
South Asia			
India[7]	94.62	+0.1	+20.1
Indonesia[8]	67.40	+2.4	-31.5
Malaysia	173.66	-0.6	-48.4
Pakistan[9]	277.70	+1.9	+41.9
Sri Lanka[10]	138.81	+0.5	+43.7
Thailand	103.81	+4.5	-53.1
Europe/Mideast/Africa			
Czech Rep	82.20	+0.8	-11.5
Egypt	104.76	-0.2	-
Greece	381.75	+2.8	+57.8
Hungary[11]	297.30	+0.5	+51.4
Israel	134.09	-0.1	+24.1
Jordan	223.74	-0.5	+19.8
Morocco	129.71	+0.9	-
Poland[12]	763.72	+0.6	+4.3
Portugal	187.29	+1.5	+85.0
Russia	182.19	-0.2	-
S Africa[13]	375.04	+0.1	+8.1
Slovakia	98.77	+0.9	-
Turkey[14]	984.02	+3.9	+77.5
Zimbabwe[15]	528.75	+0.6	+11.7
Regions			
Composite	304.25	+0.1	+3.1
Latin America	754.47	-0.4	+40.2
Asia	176.18		-30.3
EMEA	161.49	+1.3	+20.3

Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 21 1992; (5)Jan 5 1992; (6)Jan 4 1997; (7)Nov 0 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 27 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 37 1992; (15)Aug 2 1993; (16) July 2 1993.

Latest indices were unavailable for this edition.

Prices supplied by Extel, part of FT Information.

♣ FT Free Annual Reports Service

3:30 pm September 25

NEW YORK STOCK EXCHANGE PRICES

1997 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		- A -								
[illegible]										
		- B -								
[illegible]										
		- C -								
[illegible]										
		- D -								
[illegible]										
		- E -								
[illegible]										
		- F -								
[illegible]										
		- G -								
[illegible]										
		- H -								
[illegible]										
		- I -								
[illegible]										
		- J -								
[illegible]										
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84½	51½	Xerox 4	1.28	1.8	21	9507	[illegible]	77¼	79½	+1⅜
51⅛	40½	Xtra Corp	0.60	1.8	10	184	[illegible]	[illegible]	[illegible]	[illegible]
25	20⅝	Yankee Egy x	1.34	5.7	14	308	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	37⅞	York Intl x	0.48	1.1	13	1420	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4	Zemex	[illegible]	[illegible]	[illegible]	616	[illegible]	[illegible]	7	[illegible]
[illegible]	[illegible]	Zenith El				822	10	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zenith Nat	1.00	2.5	18	250	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Zenix Inc x	0.78	[illegible]		72	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	17⅝	Zero	0.12	0.4	[illegible]	2	[illegible]	[illegible]	[illegible]	[illegible]
13¼	10¾	ZweigFdS	1.32	10.1		290	[illegible]	[illegible]	[illegible]	
9¼	[illegible]	Zweig Tot R x	0.84	9.1		427	[illegible]	[illegible]	[illegible]	[illegible]

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
§ Dealings suspended.

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GLOBAL EQUITY MARKETS

US INDICES

Dow Jones	Sep 24	Sep 23	Sep 22	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	7906.71	7970.06	7986.83	8259.31 (6/8)	6391.69 (11/4)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	104.19	104.72	104.16	104.70 (31/7)	101.09 (14/4)	104.70 (31/7/97)	54.99 (1/10/81)
Transport	3157.31	3158.06	3185.96	3208.80 (19/9)	2222.07 (2/1)	3208.80 (19/9/97)	13.23 (8/7/32)
Utilities	240.18	240.92	242.48	242.92 (16/9)	209.47 (25/4)	288.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 8085.84 (8048.18) Low 7966.19 (7985.34) (Theoretical)
Day's high 8036.68 (8005.18) Low 7901.30 (7929.05) (Actual)

Standard and Poors	Sep 24	Sep 23	Sep 22	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	944.48	951.83	955.43	960.32 (6/8)	737.01 (2/1)	960.32 (6/8/97)	4.40 (1/6/32)
Industrials‡	1104.31	1114.34	1117.85	1130.76 (6/8)	865.42 (11/4)	1130.76 (6/8/97)	3.52 (30/6/32)
Financial‡	111.52	111.78	112.55	112.56 (22/9)	80.75 (2/1)	112.56 (22/9/97)	7.13 (4/8/74)
Others							
NYSE Comp.	494.27	496.95	499.15	499.16 (22/9)	389.47 (11/4)	499.18 (22/9/97)	4.64 (25/4/42)
Amex Comp	686.07	686.45	689.94	689.94 (22/9)	541.20 (28/4)	689.94 (22/9/97)	524.20 (16/7/96)
NASDAQ Comp	1687.41	1697.36	1689.45	1697.36 (23/9)	1201.00 (2/4)	1697.36 (23/9/97)	54.87 (3/10/74)
Russell 2000	448.58	449.42	448.98	449.42 (22/9)	335.85 (25/4)	449.42 (23/9/97)	123.36 (7/12/93)

■ RATIOS

	Sep 19	Sep 12	Sep 5	Year ago
Dow Jones Ind. Div. Yield	1.67	1.69	1.67	2.18
	Sep 24	Sep 17	Sep 10	Year ago
S & P Ind. Div. yield	1.50	1.50	1.54	1.97
S & P Ind. P/E ratio	25.42	25.37	24.80	22.54

US DATA

■ MARKET ACTIVITY

● Volume (million)	Sep 24	Sep 23	Sep 22
NYSE	645.840	526.720	490.930
Amex	28.346	28.405	25.010
NASDAQ	799.371	772.640	716.203

NYSE	Sep 24	Sep 23	Sep 22
Issues Traded	3,392	3,396	3,396
Rises	1,439	1,297	1,719
Falls	1,43	1,531	1,11
Unchanged	519	570	501
New Highs	301	269	381
New Lows	10	19	19

■ NYSE TRADING ACTIVITY — Volume : 645,840,000

■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Avis	14,321,110	22¼	+5¼
Micron Tc	8,429,000	34¾	−2¾
Host Marr	7,496,300	21⅞	+⅛
Unisys	7,481,600	12¼	+⅛
Monsanto	7,456,300	38⅛	−1½
Travelers	6,328,400	69½	−2½
Salomon	5,942,500	78⅞	+5¾
Ph Morris	5,906,100	41⅞	−⅛
Pepsico	5,524,600	39⅛	+¼
Cypress Sar	5,401,800	16¼	+⅛

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
Avis	28¼	+5¾	+33.8
Ind Dist	21	+4	+23.5
Tultron	20⅞	+3⅞	+20.9
Trjan Gas	59⅞	+9⅞	+19.6
Downs			
First USA	16¾	−5⅝	−28.4
Gucci NV	41	−11¼	−19.3
Amer Res	16¾	−2⅜	−12.8
Jlin Clas	21½	−2¾	−11.6

■ NASDAQ TRADING ACTIVITY — Volume :799,371,000

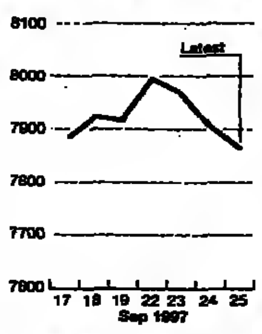
■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Three Com	16,659,000	62⅞	+⅛
JD Edwards	16,204,800	35	+12
Intel	15,150,100	95¾	−3½
Tele Com	12,883,300	19⅞	−⅛
Oracle	10,762,900	37⅞	+⅛
Ascend	8,287,800	38⅞	−1⅛
Informix	8,181,100	8¼	−⅝
Dell Cmp	8,068,900	97⅝	−2½
Microsoft	7,494,100	132⅛	−3⅛
Cisco Sys	7,422,300	74⅞	−1⅛

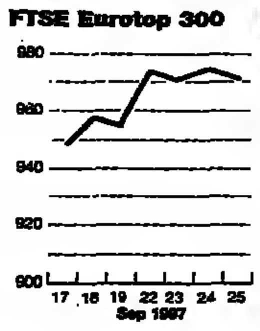
■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
Boron Lep	22¾	+5¼	+29.2
Union Bks	28¾	+5¼	+22.2
Summit Fn	20½	+3½	+20.5
Accas Hlth	32¼	+4¼	+15.2
Downs			
Ciprico	14¾	−3½	−19.0
Modtech	21¼	−3	−12.4
Struct Dy	24	−3⅛	−11.6
Avant	39	−3⅛	−8.3

Dow Jones



FTSE Eurotop 300



JAPAN

	Sep 25	Sep 24	Sep 23	1997 High	1997 Low	Since compilation High	Since compilation Low
Nikkei 225	18341.96	18420.08	(c)	20681.07	17303.65	38915.9	85.25

■ TOKYO TRADING ACTIVITY — Volume : 412,000,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Sakura Bk	10,843,000	650	+39
Nippon Stl	7,071,000	261	−11
Fujitsu	6,158,000	1590	
Daikyo	5,492,000	158	−26
Yaohan Jpn	4,761,000	3	−1
NEC Corp	4,729,000	1460	+20
Nomura Sec	4,602,000	1590	+70
Mitsui Hvy	4,265,000	660	+21
Aoki Corp	4,249,000	51	−2
NKK Corp	4,048,000	172	−8

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Sanyo Sec	80	+10	+14.3
Dai Nip Cns	270	+30	+12.5
Niigata Eng	105	+11	+11.1
Utoc Corp	301	+30	+11.1
Downs			
L Kakusei	72	−14	−16.3
Nihon Mat	306	−59	−16.2
Melco	2170	−410	−15.9
Michinoi	149	−26	−14.9

FRANCE

	Sep 25	Sep 24	Sep 23	1997 High	1997 Low	Since compilation High	Since compilation Low
CAC 40	3005.38	3023.77	2987.23	3075.67	2256.97	3075.67	984.61

■ PARIS TRADING ACTIVITY — Volume : 286,537,040

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
CSF (Thom)	1,708,930	128	−8.5
Usinor	1,825,686	131	+2
B.N.P.	1,112,241	294	−4.6
St Aquitne	1,046,101	814	+3
Paribas	792,366	442.9	+0.8
Rh-Polnc	827,968	240.2	+0.5
Alcatel Al	581,858	761	−2
Sanofi	542,831	549	−3
Total	470,500	691	−9
Schneider	440,601	369	+5.5

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Vicat	186	+24.9	+15.5
SIPH	338.9	+37.7	+12.5
Finatis	208	+18.9	+10.1
Saga	110	+9.0	+8.9
Downs			
Cycnos	30	−6.9	−18.4
Skis Ros	122.5	−13.4	−9.9
Fonciere	420.1	−43.9	−9.5
Poujoulat	240	−11	−6.6

GERMANY

	Sep 25	Sep 24	Sep 23	1997 High	1997 Low	Since compilation High	Since compilation Low
DAX	4148.58	4102.39	4098.20	4438.93	2848.77	4438.93	931.18

■ FRANKFURT TRADING ACTIVITY — Volume : 11,214,635

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Dtsch Bank	6,859,959	117.7	+2.55
Dml-Benz	5,074,553	144.55	+0.05
Siemens	4,801,884	123.15	+2
Dt Telekom	4,325,822	33.8	+0.12
Hoechst	3,920,021	77.6	+1.2
Continental	3,648,058	45.45	+0.17
BASF	3,638,442	63.65	+0.95
Commrzbank	3,303,708	63.9	+0.1
Dresdnr Bk	3,134,261	80.4	−0.6
Bayer	2,744,183	71.6	+0.85

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Data Modul	75.6	+5.8	+8.3
Marschollek	401	+21	+5.5
Linotype Hell	88.5	+4.0	+4.7
Praussag	565	+25	+4.6
Downs			
Massa	168	−9.0	−5.1
Babcock-BSH	130	−5.0	−3.7
AGIV	41.5	−1.5	−3.5
GEA	602	−10	−2.9

UK

	Sep 25	Sep 24	Sep 23	1997 High	1997 Low	Since compilation High	Since compilation Low
FTSE 100	5065.5	5077.2	5027.5	5086.80	4056.60	5086.8	986.9

■ LONDON TRADING ACTIVITY — Volume : 890,000,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Shell Trns	58,944,840	443	−6½
BP	21,035,710	415½	
Signet	19,581,830	34	
Middlesex	17,119,700	0	−¼
Redland	16,586,850	220	−61½
Centrica	15,524,420	91¼	+½
Burton	13,525,550	135¼	+1½
Norwich Un	13,272,310	327½	−2½
Millwall	9,295,102	1¾	
Bass	9,260,985	831	−17½

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Biocompatibles	555	+97½	+21.3
Computerland	154½	+27	+21.2
Water Hall	52½	+9	+20.7
Dewhurst	54½	+8	+17.2
Downs			
Redland	220	−61½	−21.8
Meconic	262½	−52½	−16.7
Boosey&Hwks	837½	−112½	−11.8
Ashley (L.)	59	−6½	−9.9

INDEX FUTURES

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	953.75	958.00	+1.60	957.45	951.80	87,518	187,136
Mar	963.50	965.00	+0.25	965.00	963.50	315	2,985
■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	18420.0	18280.0	−140.0	18470.0	18190.0	15,842	167,887

Open interest figures for previous day.

■ CAC-40 (200 x index)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	3011.0	3002.0	−22.0	3028.0	3000.0	23,866	35,683
Oct	3021.0	3007.0	−23.5	3033.0	3007.0	9,413	12,885
■ DAX							
Dec	4145.0	4130.0	−60.0	4165.0	4125.5	22,636	59,448
Mar	4204.0	4163.0	−62.0	4219.5	4163.0	50	2,537

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	2585.05	2582.75	−36.25	2594.00	2550.00	8,497	9,785
Oct	2595.00	2570.00	−40.00	2604.00	2585.25	5,353	16,018
■ SOFFEX							
Oct	5726.5	5645.6	−86.4	5749.0	5643.0	6,888	22,087

WORLD MARKETS AT A GLANCE

Country	Index	Sep 25	Sep 24	Sep 23	1997 High	1997 Low	✣ Yield	✣ P/E
Argentina	General	24517.58	24528.65	24196.17	24817.86 6/8	18237.37 2/1	2.68	18.1
✣Shares drift after a morning of modest profit-taking.								
Australia	All Ordinaries	2779.2	2768.9	2776.9	2779.20 25/9	2352.20 1/4	3.27	19.5
	All Mining	773.1	766.7	769.2	987.10 24/2	735.10 18/9		
MAB and News Corp were the highlights as shares drove on to a new record underpinned by firmer bonds and foreign buying.								
Austria	Credit Aktien	(a)	459.56	459.12	468.82 1/8	374.40 9/1	1.86	16.8
	Traded Index	1419.17	1430.21	1416.24	1480.49 31/7	1130.22 9/1		
Strong resistance seen at 1,480. Trading lacklustre, although insurance leader EA Generali surged 2.5 per cent.								
Belgium	BEL20	2390.29	2389.73	2405.66	2621.90 28/7	1871.90 2/1	2.38	18.1
Steel giant Cockerill Sambre continued to climb, adding 2.2 per cent but overall market marked time.								
Brazil	Bovespa	11434.0	11482.0	11516.0	13617.00 8/7	8855.50 2/1	0.44	na
✣Shares ease on lack of local stimulus and soft opening on Wall Street.								
Canada	TSE 100✣	417.41	418.51	416.77	419.21 7/8	342.12 11/4	1.88	21.2
	Metals Minls✣	4679.27	4693.59	4752.22	5981.75 10/3	4083.69 24/9		
	Composite✣	6998.30	7011.80	7014.20	7015.10 22/9	5879.30 14/4		
	Portfolio§§	3434.21	3445.52	3451.02	3504.53 7/8	2846.02 11/4		
✣Shares edge lower in spite of strong showing by golds which jumped nearly 3 per cent in early trading								
Chile	IGPA Gen‡	5476.58	5507.19	5520.44	5986.71 4/7	4812.42 2/1	3.2	17.9
✣Upward tilt for money market rates and worries about possible electricity price cuts send shares lower.								
China	Shanghai B	76.48	75.90	74.77	98.21 7/5	60.78 9/1	1.3	65.4
	Shenzhen B	128.99	128.52	127.45	164.20 6/5	120.44 9/7		
Brokers said sentiment remained supported by an official pledge on Wednesday not to allow a rush of new listings.								
Colombia	IBB	(b)	1454.64	1448.55	1454.64 24/9	844.41 2/1	na	na
Czech Republic	PX 50	532.0	533.2	534.8	629.00 25/2	476.70 21/5	na	na
Shares trade narrowly, but sentiment said to be firm as balanced draft budget for 1998 passed through parliament.								
Denmark	CopenhagenSE	627.77	623.34	618.80	688.29 17/7	470.14 2/1	1.39	19.5
Firm bonds underpin the modest upturn, helped by an active session for brewing leader, Carlsberg.								
Egypt	Cairo SE Gen	378.94	377.69	378.46				

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NASDAQ NATIONAL MARKET

3:30 pm September 25

[illegible]

NASDAQ NATIONAL MARKET

[illegible]

AMEX PRICES

3:15 pm September 25

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EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members.

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$3.5		6000	8.25	2.875	Lernout & Hauspie	US$45		18982	40.5	25
Artwork Systems	US$8.125	+0.125	55850	11.125	7.875	Mercer Int'l	US$10.875	+0.125		11.75	8.125
Chemunex	FFr13		500	18	10	NTL	US$27.375	−0.125		27.5	20.5
Dobonair Holdings	GBP6.2	+0.1	63000	7.15	4.5	PixTech	US$3.5	−0.125	1000	8.125	3.375
Dr Solomon's ADS	US$26.75	−0.375		30.75	16.875	Schoeller-Bleckmann	Sch1535		30	1692	900
EDAP TMS	US$7.125	−0.375	1000	9.125	8.5	Topcall Int'l	Sch4483	+178	3065	4055	3065
Esprit Telecom ADS	US$8			12.25	5.375	Turbodyne Technol.	US$4.65	−0.02		6.25	3.73
Innogenetics	US$11	+0.125	129110	12.75	9.875						

Prices for 25/9/97. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be EASDAQ offices are located in Brussels (Tel. 32-2 / 227 28 20) and in London (Tel. 44-171 / 489 9990).

FINANCIAL TIMES Friday September 26 1997

Markets shift focus to US interest rates

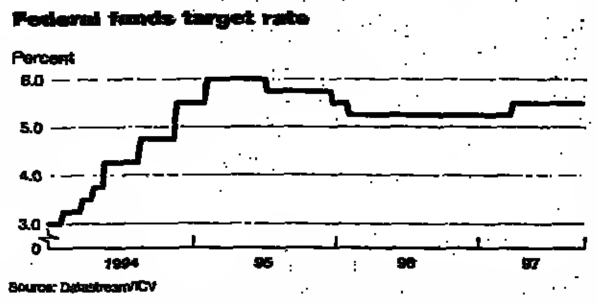
WORLD OVERVIEW

Attention in world stock markets shifted across the Atlantic yesterday, as the focus shifted from the outlook for European interest rates to US monetary policy, *writes Philip Coggan.*

US durable goods orders jumped by 2.7 per cent in August, compared witb expectations of a 1 per cent increase, while weekly job claims fell by 2,000 when analysts had been looking for a 10,000 rise.

Expectations for the outlook for US interest rates have been yo-yoing ever since tbe Federal Reserve last tightened policy in Marcb. Growth has been strong but bas yet to be accompanied by any significant signs of inflationary pressure.

Federal funds target rate



Source: Datastream/ICV

The "evil day" on which ths Fed would be forced to raise rates has been pushed further and further into the future. Now November is generally seen as the earliest likely date. But thsre are those who believe the day of reckoning must come eventually.

Jonathan Francis, head of global strategy at Putnam Investment Management in Boston, said that economic activity is at a very high levsl and the risks of inflation are increasing. "We have had a surprisingly good inflation performance to date but the economy could be a bit like a coiled spring. It is one thing to say that It is a new era and the economy can grow at 8 per cent. instead of 2 per cent, but it is a stretcb to argue it can grow at 4 per cent without prompting inflation."

Mr Francis thinks that the 30-year Treasury bond yield will move back up to the 6.75 to 7 per cent range and that the Fed will take out an insurance policy by raising rates later in the year.

But he also believes that the Fed will be relaxed about rising labour costs, believing that the tight global pricing regime will not allow companies to pass on wage increases to the consumer. That might be good news for bonds but would be bad news, of course, for corporate earnings and the stock market.

Treasury bonds slipped half a point in early trading yesterday leading to some downward pressure on the Dow.

That did not help sentiment in European markets, which have been suffering from a lack of inspiration this week after a recent surge of optimism about European interest rates.

Thsre were also further attempts by Japan to talk down the dollar. The US currency's weakness has been one of the main supports for European stock markets this year.

London market, Page 30

EMERGING MARKET FOCUS

Warsaw stable after election

Poland's election results pointing to a new government coalition led by the trade union based Solidarity Electoral Action (AWS) have roused little concern among investors on Warsaw's burgeoning stock exchange (WSE), which has stayed remarkably stable since last Sunday's poll.

Tha muted reaction on tha WSE, which is currently capitalised at $18bn, masks regret at the departure of the reformed communists. They bave led the government coalition over the past four years and were thought to represent a safer pair of hands when dealing with capital markets than the AWS.

Bnt investor perception is that the realities of power will force the new government to leave the outlines of pro-privatisation policies firmly in place.

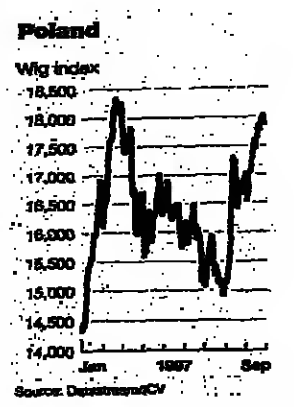
Reassurance came with a strong showing by the pro-business Freedom Union (UW) party led by Leszek Balcerowicz, a former finance minister and the author of the country's post 1990 market reforms.

Further, the collapse of support from farmers for the Polisb Peasant Party (PSL) has pushed the PSL, which has co-governed Poland for the last four years, on to the political margin. This disposes of investors' worst case scenario of links between the AWS and the PSL strengthening the populist wing of the Solidarity-led rightist movement.

However, the stock market's sleepy reaction to the election results fits in with this year'a lacklustre performance by the WSE, as low growth predictions for nominal earnings per share of about 14 per cent for 1997 look set to be eaten up by a predicted 15 per cent inflation rate.

According to Philip Poole, a senior analyst at ING Barings, Hungary's expected 42 per cent nominal earnings growth compared to an inflation rate of 18 per cant, makes the Budapest stock market a more exciting place to be.

Poland



Source: Datastream/ICV

Nevertheless Warsaw, where the main WIG index fell by about 3 per cent over the first seven months of the year to 14,914, has recovered 17 per cent since then to close yesterday at 17,835.

Now, however, overseas investors will be looking to see how determinedly the authorities move to bring Poland's budget into balance by 1999 from the current deficit of 2.5 per cent of gross domestic product. Also the central bank is tightening interest rates to slow the country's growing current account deficit, which is set to reach $6bn, or about 4 per cent of GDP, this year.

A more immediate test for investors comes with the current initial public offer in the Warsaw-based Powszechny Bank Kredytowy (PBK), which has been valued at around $300m. This will increase the WSE bias towards banks, which already represent 31 per cent of the market's capitalisation.

According to Mr Poole investors are looking to the new government to diversify the market with promised sales of energy utilities as well as TP SA, Poland's giant telecoms operator.

Christopher Bobinski

Weak bonds hit Dow at midsession

AMERICAS

US sbare prices continued tbeir downward drift in morning trading in New York, extending the drop in the Dow Jones Industrials Average to more tban 100 points since Monday's close, *writes Richord Woters in New York.*

The decline came oo the back of weaker bond prices, although the recent fall in bood yields has still left a firm backdrop for share prices and the Dow remains at the higher end of the 7,620 to 8,020 range in whicb It has traded for more tban a month.

By early afternoon, tbe Dow was down 13.75, at 7,892.96. The Standard & Poor's 500 index, oo the other hand, was up 0.41 at 944.89, while the Nasdaq composite was trading at 1,686.92, a fall of 0.49 from the previous day's close.

Among the biggest percentage declines in the Dow components came at healthcare groups Merck and Johnson & Johnson. Merck was off $1½, or 1.5 per cent, at $99¾, while J&J was down $¾, or 1.3 per cent, at $57 ¾.

The declines continued the broad sell-off in pharmaceuticals stocks seen the day before. Procter & Gamble was also down, reflecting the recent concerns over the outlook for global consumer goods companies. P&G was trading down 1\frac{1}{16}$, or 1.5 per cent, at $67¼.

Shares of some investment banks seen as the most likely takeover targets in the wake of Wednesday's announcement that Travelers Group would acquire Salomon continued to rise.

Lehmao Brotbers rose 1\frac{1}{16}$, adding to a $¾ increase of the day before and taking the price to $50¾. PaineWebber, which is seen as an attractive target as a result of its large retail brokerage business, rose $¾ to 44\frac{5}{8}$, after a gain of $1½ the day before.

Shares in Travelers, on the other hand, continued to fall, reflecting concerns about the high price it had agreed to pay for its acquisition. The stock fell $¾, or 1.1 per cent, to 68\frac{11}{16}$.

General Signal, which said on Thursday that it would spin off its networking business and buy back $300m of stock, fell back $1 to 42\frac{5}{8}$, wiping out most of its $1¼ gain of the day before.

TORONTO edged lower at midsession, in spite of sharp gains by the gold group. The TSE-300 composite index fell 12.61 at noon to 6,999.21 in bectic volume of 64.3m shares.

The beavily weighted gold group bucked the losing trend, gaining 214 or 2.7 per cent to 8,274, as the price of bullion climbed in New York and London. Among leading mining stocks, Barrick Gold surged C$1.05 to C$32.55 and Placer Dome rose C$1.30 to C$24.30.

Industrial products dropped more than 1 per cent to lead 12 of Toronto's 14 sub-groups lower. Among individual stocks, Cognos dived C$12.60 to C$32.55 after the company reported lower than expected second-quarter earnings. Corel lost C$1.30 to C$5.50 in response to its dismal third-qnarter results.

Banking shares were mixed. Royal Bank of Canada added 15 cents at C$68.70 but other leaders were weak. Toronto-Dominion came off 35 cents in C$47.35 and Bank of Montreal lost 35 ceots to C$59.50.

Paris retailers busy on bid news

EUROPE

PARIS traded narrowly, but a range of barely 24 points on the CAC 40 index belied an active day for a oumber of individual sectors, notably retailers following Promodès' increased offer for Casino.

Having said thet FFr340 a share was its last word on the sobject, Promodès surprised most retailing analysts yesterday by upping the ante to FFr375 a share. The newa left Promodès FFr28 lower at FFr2,260 and sparked a busy session elsewbere in the sector.

Guyenne Gascogne climbed FFr76 to FFr2,121 on talk suggesting it could be the next bid target in the sector. Pinault-Printemps rose FFr77 to FFr2,777, but supermarkets leader Carrefour came off FFr75 to FFr3,610. Casino itself remained suspended.

Corporate activity was also flavour of the session at Thomson-CSF which rose FFr6.50 or 3.6 per cent to FFr188 on persistent talk abont renewed government moves to restructure the French defence sector.

Sanofi, which fell by more than 13 per cent on Wednesday on negative drugs news, continued to wilt, slipping FFr3 to FFr549. The shares peaked at FFr655 earlier this year.

At the close of the session, the CAC 40 was 18.39 lower at 3,005.38 in moderate volume of 13.7m shares.

FRANKFURT closed near its low for the day in very thin trade with activity moted by a lack of corporate news. The Ibis-indicated Dax index fell 46.02 to 4,104.93.

Analysts said that the market took the higher-than-expected rise in German August import prices in its stride because tbe main impact on the data came from currency effects which have largely reversed since the beginning of September.

Against the trend, motor stocks had another good day. Analysts attribnted tbe strong performance to positive evaluations of prospects for the sector following the Frankfurt motor show.

BMW was DM29.30 higher at DM1,433.50 while Volkswagen edged 50 pfg ahead to DM1,227.

ProSieben gave up DM1 at DM85 as Germany's only publicly listed television network announced a 27 per cent rise in first-half pretax profit but said that it was on the lookout for acquisitions next year.

Hoechst gave up 53 pfg to DM77.96 in spite of its positive debut on Wall Street on Wednesday.

The merger between Salomon Brothers and Smith Barney stoked speculation of consolidation in the financial sector, providing a boost for Deutscbe Bank, whicb closed 85 pfg up at DM117.05.

AMSTERDAM moved sideways with the AEX index easing 0.65 to 904.51 in spite of solid demand for selected internationals and a strong bounce for paper leader, KNP.

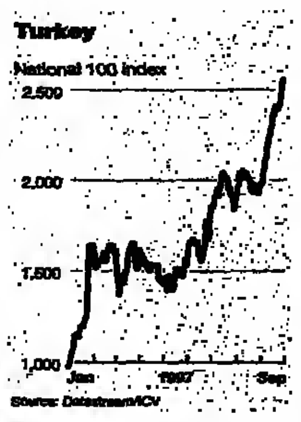
Philips rose Fl 3 to Fl 159.40 with sentiment said to be maintaining a favourable stance in the wake of a recent buy note from Morgan Stanley. KLM added 40 cents to Fl 70.20.

KNP, a strong market following the disposal of its troubled Austrian paper operations, appeared to gain a second wind, surging Fl 3.10 or 6.2 per cent to Fl 53 in good two-way volume.

Among smaller caps, software specialist Getronics hardened Fl 1 to Fl 62.40 on the news that it was buying out the 45 per cent outstanding minority in Norwegian group, Ark.

ZURICH turned back after its firm performance in recent sessions. The SMI index came under pressure as it broke through support at 5,680 which brought losses in futures and in shares with a heavy weighting in the blue chip index. The SMI fell 65.4 or 1.1 per cent to 5,677.1.

Turkey



Source: Datastream/ICV

Nestlé, a strong performer this week on its well-received US roadshow, held its loss to SFr12 at SFr2,040.

Leading pharmaceuticals were among the day's biggest losers. Rocbe certificates slumped SFr310 to SFr13,150 and Novartis turned SFr24 lower at SFr2,245.

HELSINKI saw good activity in Neste, whicb rose FMk3.90 to FMk141 amid talk of imminent corporate activity.

State plans for greater integration between Neste and the non-listed Imatran Voima are due to be unveiled next week. The government is a majority shareholder in both companies and the hot rumour is that a merger is in train.

ISTANBUL put in another winning performance, extending its rise since the start of September to 29 per cent with investors still confident on the economic ontlook and reassured by steady interest rates.

The IMKB National 100 index, which has seen a string of record high closes during the last three weeks, finished at another peak, up 68 at 2,555.

ATHENS was propelled to a record close by indications that the government was determined to press ahead with its privatisation programme. The Athens general index jumped 23.76 or 1.4 per cent to 1,740.10.

The index set an intra-day record high of 1,785.66 on September 9 when news of Athens' selection to host the 2004 Olympic Games sparked a short-lived rally.

Written and edited by Michael Morgan and Jeffrey Brown

SOUTH AFRICA

Johannesburg was steady, finding encouragement in slower-than-expected growth in August inflation figures which raised hopes for an interest rate cut, perhaps as early as next month.

The overall index edged 6.2 higher to 7,064, industrials stood 2.1 higher at 8,659.2 and golds picked up from a 4½ year low to close 25.2 higher at 894.4.

Mexico City pressured

A resumption of the selling pressure seen on Wednesday nigbt, following news of stronger than expected inflation data, left **MEXICO CITY** weaker at midsession. The IPC index fell 15.21 to 5,195.41. Banco de Mexico announced in late dealings on Wednesday that the consumer price index had riseo by a higber-tban-expected 0.87 per cent during the first half of September.

Analysts ooted that the market had beeo aliding since it closed at a record high on Monday on profit-taking in Grupo Carso and Cemex.

CARACAS was lower in thin trade at noon with the IBC index registering a loss of 56.46 at 10,613.93. Brokers said that CANTV, the telecommunications giant, was pulling down the domestic market as foreign investors took profits in the ADRs traded on Wall Street.

FTSE Actuaries Share Indices — European series

September 25

National & Regional Markets	Ecu index	Day's %	change points	Yield gross %	xd adj	Total retn (Ecu)
FTSE Eurotop 300	971.23	−0.33	−3.22	2.30	0.00	975.15
FTSE Eurotop 100	2277.04	−0.27	−6.18	–	–	–
FTSE Eurotop 300 Regions						
300 UK	964.47	+0.53	+5.04	3.23	0.00	971.83
300 Ex-UK	975.85	−0.81	−8.01	1.77	0.00	977.80
300 Eurobloc	966.07	−0.64	−6.23	1.97	0.00	968.99
300 Ex-Eurobloc	975.74	−0.11	−1.07	2.52	0.00	980.40
FTSE Eurotop 300 Economic Groups						
Resources	997.46	−0.09	−0.88	4.53	0.00	1007.16
General Industries	995.65	−0.54	−5.38	2.30	0.00	996.98
Consumer Goods	931.70	−0.62	−5.79	3.16	0.00	934.38
Services	967.80	+0.22	+2.14	5.57	0.00	971.21
Utilities	962.69	−0.66	−6.39	5.65	0.00	968.19
Financials	975.56	−0.19	−1.90	3.68	0.00	979.79

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Hong Kong races ahead 3%

ASIA PACIFIC

Short covering on futures contracts sent **HONG KONG** soaring in late trade and the Hang Seng index closed 431.15 or 3 per cent up at 14,636.59.

Turnover was still low at HK$16bn, tbougb up from Wednesday's HK$12.2bn.

One analyst said that much of the day's activity was concentrated in futures-related trading, especially in China-related shares, which sent both tbe Hang Seng China-Affiliated index of red chips and the Hang Seng China Enterprises index of H-shares up 11.4 per cent.

HSBC Holdings led blue chip gainers, up HK$7 to HK$240 and Hang Seng Bank rose HK$2.25 at HK$90.75.

Newly-listed Mascotte closed at HK$1.05 after hitting a day high of HK$1.48 and compared with an issue price of HK$1.00 each.

TOKYO fell prey to profit-taking with investors taking advantage of a four-day advance of more than 700 points to lock in profits, *writes Gwen Robinson.*

The Nikkei 225 average fell 78.12 to 18,341.96 after moving between 18,183.72 and 18,439.76. Declines overwhelmed advances 863 to 280 with 123 unchanged. Volume eased to 412m shares from 489m. The Topix index of all first-section stocks fell 6.12 to 1,418.05 and the capital-weighted Nikkei 300 was off 0.68 at 279.82. In Loodon, the ISE/Nikkei 50 index rose 0.85 to 1631.77.

Selected high-tech sbares were at the forefront of the selling. Advantest fell Y300 to Y11,900 and Kyocera Y120 to Y7,800. However, TDK surged Y400 to a record high of Y11,100 and Sooy rose Y100 to Y11,600.

Other blue-chip electricals were mostly lower. Toshiba fell Y38 to Y615 on concerns about its earnings outlook for tbe current business year. Sharp fell Y10 to Y1,140 and Hitachi Y20 to Y1,080.

Banks mostly gained. Sakura Bank, the day's most active issue, jumped Y39 to Y650 and Fuji Bank rose Y40 to Y1,440. Securities houses wsre mixed, witb Nomura Securities gaining Y70 to Y1,590 and Nikko Securities down Y19 to Y506 on the spreading racketeer-payoff scandal.

Contractors were mostly lower. Kumagai Gumi fell Y13 to Y100 aftsr earlier dropping below Y100 for the first time since listing. Aoki fell Y2 to Y51, Fujita Y6 to Y80 and Shimizu Y14 to Y573. Taisei improved Y16 at Y460 and Kajima Y2 at Y565.

In Osaka, the OSE average shed 98.69 to 18,926.37 and volume dropped sbarply to 98m shares.

BANGKOK rallied for the sixth session running as foreign funds scrambled to cover short positions. The SET index gained 20.34 to 567.36 in active Bt5.7bo turnover to extend its advance to 9.7 per cent in six days.

Financials remained at the forefront of investor demand as political hopes ran high ahead of tomorrow's parliamentary vote on a new draft constitution. Bangkok Bank gained Bt10 to Bt140 and Thai Farmers Bank rose Bt7 to Bt103. Telecoms Asia hardened Bt0.50 to Bt30.75.

TAIPEI ended a volatile session with the weighted index down 202.21 or 2.2 per cent at 8,791.81. The market swung wildly in light volume. Ths day's trading range was more than 400 points witb the weigbted index giving up initial gains. Turnover was T$130bn.

KUALA LUMPUR found support from local funds after Standard & Poor's, the US rating agency, downgraded its outlook on the ringgit. The composite index closed 9.92 or 1.3 per cent higher at 789.33. It had earlier peaked at 793.62.

MBf Capital closed 12 cents higher at M$2.72 after the company repeatedly denied its finance company was unstable.

Maybank rose 40 cents at M$16 after the group said it would raise its base lending rate from today.

SEOUL tumbled 1.3 per cent as rumours about the Ssangyong Group hit the already staggering market.

Most shares of Ssangyong Group companies went limit-down after stories surfaced the group was in financial trouble and that the sale of a majority stake in its motor sobsidiary bad fallen tbrougb. Tbe company denied that it was experiencing financial problems.

KARACHI jumped 2.4 per cent on news that the IMF managing director, Micbel Camdessus, would recommend a $1.6bn loan package for Pakistan. The KSE-100 index rose 43.83 to 1,869.81.

RECRUITMENT

A new book says job-seekers should avoid the personnel department, says **Richard Donkin**

Straight to the horse's mouth

It has long been my suspicion that there is little love lost between parsonnel managers and headhunters. This is confirmed in a new book on job-hunting by Nick Corcodilos; a US-based headhunter who explains some of the underlying friction between the two groups.*

Anyone who has ever experienced frustration at the mechanics of job-seeking – sending in dozens of applications and CVs only to be met with letters of rejection or with no replies at all – will identify with Mr Corcodilos's complaints about the bureaucracy of personnel departments.

The people who he somewhat disparagingly calls "personnel jockeys" may make their living helping companies fill jobs but, he says, they know next to nothing about the jobs they fill.

Nevertheless, personnel managers have become the gatekeepers between the job applicants and the recruiting managers. The job itself, he claims, has "gotten lost in this great infrastructure". In recent years, he writes, "job-seeking skills seem to have become as important as actual work skills. The 'personnel jockeys' have built a moat aronnd corporate America, and they pretend to control the drawbridge."

This is strong stuff but his argument is worth hearing. Anyone seeking a job in the last few years will have become familiar with dozens of books giving advice on interview skills or on how to write a CV. Such skills, says Mr Corcodilos, are spurious and tend to divert those looking for work towards the go-betweens – recruiters, personnel managers, employment agencles and job advertisements – when applicants should be directing their efforts towards the managers who have the vacancies.

It follows from this that job-finding advice has concentrated upon approaches to personnel departments. Much of the literature tends to coach would-be applicants on how they should respond, for example, to the "top 10 interview questions", answering famlliar chestnuts such as "Where do you see yourself in five years?"

As a result it has become more important to prove to a personnel manager that you fit the job description, argues Mr Corcodilos, than it is to demonstrata how a company might profit from recruiting you. This kind of approach, he says, means that it rarely occurs to the applicant to say "let me show you how I do this job".

As the author points out, neither job applicants nor section managers may be particularly adept at interviewing. The tendency is to follow a pattern set by professlonal recruiters so the employer asks the questions he thinks he should ask and the applicant glves the answers he thinks are expected. What this book advocates is dispensing with the textbook exchanges of the interview and getting very quickly into discussing the job and how the candidate is going to tackle it.

But before reaching this stage, he says, the candidate will have become schooled in the methods of circumventing personnel departments or at least keeping the role of personnel to a miniuum. This is where headhunting techniques come in.

Headhunters have become adept at workiog the telephooes. Cold-calling is something that many of them bate bnt it is a device they use frequently. Some company receptionists are alerted to watch out for headhunters, but the book outlines a few tricks used to get around the receptionist. First, however, the candidate must do some homework on the company or the sector in which he wishes to work.

> Headhunters are adept at working the telephones. Cold-calling is something that many of them hate but it is a device they use frequently

This is why headhunters employ researchers who check companies in annual reports, newspaper articles, web sltes, sales brochures and trade journals. They also talk to stockbrokers, specialist writers or employees who may have been identified in initial search.

The idea of the research is to help the applicant focus on the things that he is good at and whether those skills can be applied elsewhere. To do this, Mr Corcodilos suggests that the job-seeker should concentrate on four areas:

- The nature of the work tbat he does and how he does it;
- The work requirements of the prospective employer and how his skills could be applied to those;
- The method of communicatlng or demonstrating those skills to the employer;
- How the employer would profit from the applicant doing the job.

Once those questions are answered, he says, the search can be refined into seeking out specific sectors, employers and the individual managers responsible for the areas of work best suited to tbe candidate. This is where the telephone can prove particularly useful. Rather than homing in on the managers, the author advises working the peripheries first.

One tip is to work through sales employees who usually answer their own telephones and who know all about the frustrations of getting through to the right people. The idea then is to use your gathered information to talk abont a product or service which you think you could improve in some way, steering the conversation around to the possibilities of openings in any specific department and the name of the manager most likely to have a vacancy.

This process can be tlme-consuming, but it does focus individuals on a few promising areas rather than using the scatter-gun technique of firing off dozens of applications. If the approach goes well, it could get tbe applicant in direct contact with the potential recruiting manager, thus circumventing the personnel department. The initial research should provide areas of discussion which, in some cases, may even develop into some kind of preliminary interview.

If these methods seem unconventional, Mr Corcodilos reminds us that, as a beadhunter, he has frequently used them to seek out job candidates. Some of his techniques require a certain amount of guile on the part of the job applicant which some might find distasteful. Certainly there is nothing passive about the approach. But those who are headbunted or who use headhunters have been a party to such techniques.

The job search aside, his comments about the bureaucratic nature of personnel departments to the point that they can actually obstruct the process they are supposed to control may lead some to wonder whether parts of the employment industry have lost sight of one of its central roles – to ensure the right people are doing the right jobs.

*Ask The Headhunter: How to Hire Yourself a New Employer, *Nick A. Corcodilos, Nicholas Brealey Publishing, £10.99*

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NESTE
Neste Petroleum AS

Neste Petroleum AS is a wholly owned subsidiary of the Finnish Neste Oy, a multinational corporation listed on the Helsinki Stock Exchange. Neste was founded in 1948 and is an oil, energy and chemicals company which has operations in more than 30 countries and has approx. 8000 employees. The turnover was approx. 60 bill. NOK in 1996. Neste has petroleum exploration and production activities in Norway, Russia and the Middle East.

Neste's goal is to be an integrated energy producer and distributor in the Nordic countries where Neste Petroleum plays an important role as producer on the Norwegian Continental Shelf (NCS). Neste Petroleum is a partner in 13 production licenses on the NCS with a production share of approx. 25,000 barrels of oil per day. The production is expected to increase to more than 45,000 barrels of oil equivalents per day by 2000. Neste Petroleum has invested 5.2 bill. NOK on the NCS since 1990, and plans to invest a further 3.2 bill. NOK within 2000. Neste Petroleum will be an integrated producer with equity interests in gas fields in the Haltenbanken area, participation in gas pipelines and contract responsibilities for gas deliveries to Continental gas buyers. Nests Petroleum's turnover in 1996 was approx. 1,3 bill. NOK and net profit amounted to 425 mill. NOK. The Company has 40 employees in Norway.

To maintain the Company's competence and to meet future challenge we wish to employ a

LEGAL ADVISER

The Legal Adviser is responsible for the Company's legal matters including:

- Legal advice to the Company's departments and participation in negotiations
- Deliberation of contractual and petroleum related problems
- Legal advice to Neste's Russia and Middle-East business units
- Secretary to the Board of Directors

We are looking for a person with relevant experience by preference from Norwegian Oil Business and good knowledge about the Norwegian framework. Interest for commercial problems is considered important. Norwegian and English must be fluently spoken and written. The applicant must be able to work independently and in cross professional teams.

Neste Petroleum will offer competitive conditions in a demanding, inspiring and pleasant atmosphere.

For further information please contact President HK Rød or legal adviser H.P. Nordby, tel. +47 67 58 05 20. Applications including a CV should be sent Neste Petroleum AS, Strandveien 50, 1324 LYSAKER within 10 October 1997. All applications will be treated confideotially.

Corporate Finance
International Investment Bank

Executives and Managers — ***Excellent Salary and Bonus***

Our Client is a pre-eminent global investment bank and a leader in the provision of corporate finance services. It boasts an exceptionally strong domestic and international franchise, offering exciting opportunities for individual career progression and development.

Immediate opportunities for Executives and Managers exist to join its established M&A and general corporate finance activities. Sector and Execution specialists are especially welcome, with those focusing on Pharmaceuticals, Chemicals, Telecoms/Technology and Continental European transactions being of particular interest. Talented individuals looking to enter corporate finance (ACA/LLB/MBA/Strategy Consultants) are also encouraged to apply.

This represents an outstanding opportunity to succeed in a stimulating, progressive and meritocratic environment. Interested candidates should contact Christopher Squire at the address below.

JONATHAN WREN
SEARCH & SELECTION

Jonathan Wren Search & Selection Limited
34 London Wall; London EC2M 5RU
Telephone 0171 588 0828 Facsimile 0171 588 0829

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Experienced 51 yr old trader looking for consultative and part time position.

Write to Box A5229, Financial Times, One Southwark Bridge, London SE1 9HL.

Appointments Advertising

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For further information please contact: Toby Finden-Crofts +44 0171 873 4027

Financial Times

THE CAYMAN ISLANDS MONETARY AUTHORITY
DEPUTY HEAD - ON SITE SUPERVISION

The Banking, Trust and Investment Services Division of the Cayman Islands Monetary Authority wishes to recruit a Deputy Head with responsibility for developing the Authority's on site supervision of its license holders.

With over 580 banking and trust companies and over 1500 mutual funds, the Cayman Islands is the world's 5th largest finance centre. The Monetary Authority was created in January this year to regulate and oversee the continued successful growth of the centre as a premier quality jurisdiction.

This new post, reporting directly to the Head of Division, will also assume responsibility for the supervision of the licensed trust and company management operations in the Cayman Islands.

The Authority is looking for a person with considerable on site supervisory experience either within an established regulator or the compliance function in a financial institution. A thorough understanding of the key risk assessment techniques, particularly with regard to banking and mutual funds is vital. Strong interpersonal skills and a commitment to the delivery of high quality results are also key characteristics.

Package approximately US$ 81,250 per annum (tax free). This will be a two year contract with possibility of renewal.

To apply, please write, enclosing curriculum vitae (to be received by 10 October) to:

Cayman Islands Government Office
6 Arlington Street
London SW1A 1RE
Tel 0171 491 7779

PRIVATE SECTOR - LED INFRASTRUCTURE DEVELOPMENT HAS A KEY POSITION FOR YOU

POST OF EXECUTIVE DIRECTOR (CEO)

INFRASTRUCTURE DEVELOPMENT COMPANY LTD.

The Government of Bangladesh with the assistance of the International Development Association (IDA) of the World Bank, has recently established the Infrastructure Development Company Limited (IDCOL). IDCOL will act as an intermediary to place long-term Government guaranteed subordinate debt in suitable private sector infrastructure projects, primarily using BOT/BOO type arrangements. Evaluating projects and recommending the placement of IDCOL loans will be the responsibility of IDCOL. The initial amount IDCOL is likely to disburse is expected to be to the tune of US$225.00 million. IDCOL will be headed by an Executive Director and have a small staff of professionals. It will be assisted by an Investment Advisor to be appointed through International Competitive Bidding. IDCOL will be supported by technical assistance from the proposed IDA Credit.

The Executive Director will be the Chief Executive Officer (CEO) of the Company and will be responsible for the day to day operation, administration, management and supervision of the technical works of IDCOL. She/He will be directly responsible to the Board of Directors. She/He will be supported by the Investment Advisor and Short Term Consultants as and when necessary. The principal responsibility of the CEO concerns working both with the private sector (through the IA) and the public sector (various project agencies and the Ministry of Finance, IDA and other possible Public-Private Sector Lenders etc).

Qualification: Postgraduate qualifications in Economics, Finance, Business Administration or Graduation in Engineering with managerial experience. She/He should have at least 15 years work experience either as Head of the Project(s) or at the policy making level overseeing planning, financing, implementation, monitoring and evaluation of large Physical Infrastructure projects and/or institutions engaged in the energy or other infrastructure sectors. A background in commercial lending will be helpful, but is not a must.

Time frame: The CEO will be engaged initially for three years on contract and remuneration will be determined to match compensation paid to people with similar assignments in the private sector. Candidates would be required to inform at the time submission of application her/his current remuneration package confirmed by the employer and expected package which is negotiable. Should you require an elaborate/explanatory 'TOR' please send request to Fax 880-2-811660 or 880-2-813088.

Please forward your CV to Chairman, Board of Directors, IDCOL at the following address **on or before 26 October,1997.**

Infrastructure Development Company Ltd. (IDCOL)
C/O-Juris Counsel
9 Mohakhali C/A, Dhaka, Bangladesh

FINDERS & CLOSERS

Holiday Inn Worldwide, the hotel business of Bass PLC of the United Kingdom, operates or franchises more than 2,000 hotels and 370,000 guest rooms in more than 60 countries and territories.

To enable us to continually increase our portfolio of Crowne Plaza hotels, Holiday Inn hotels and Holiday Inn Express hotels throughout Europe we are seeking to recruit

DEVELOPMENT DIRECTORS

We are looking for accomplished deal closers. People who can negotiate management contracts, franchise license agreements and multiple development agreements with individual and institutional investors across a broad international span. Successful deals are those that bring in hotels that produce optimal and dependable profit streams.

Candidates should have a university level education and at least five years business development experience with an impressive track record of concluding significantly complex and profitable deals. They need to be highly numerate, resourceful and independent and have proven negotiating skills.

DEVELOPMENT MANAGERS

We are seeking resourceful deal finders. People who can clearly identify quality leads that have a high chance of becoming successful deals. Development Managers support our Development Directors by making intelligent judgments about which leads the directors should pursue and weeding out the time wasters. The obvious career progression for managers is to the director position.

The ideal candidate has a university level education focused on international business, finance or economics, is highly numerate and is very resourceful and independent.

The positions will be based in key European cities and in addition to fluent English, which is our working language, we are seeking people with fluency in various language groups, e.g. Spanish and Italian, German and Central European language(s).

Both Directors and Managers are paid competitive base salaries. Managers are additionally eligible for the overall Divisional Bonus Plan. The Directors have a special incentive plan which pays out quarterly on the deals they have signed and which have been approved and accepted by Holiday Inn Worldwide. The earning potential under this director's incentive plan has no bureaucratic limit.

Both positions attract company cars, pension and private medical plans in some countries, and an employee discount programme around the world.

So, if you think you are a finder or a closer, and are confident you might meet our requirements, please send your resumé to Chris Linney, Director Human Resources, Neerveldstraat 101, 1200 Brussels, Belgium - Fax: +32 2 777 56 01 E-Mail: Linney.Christopher@hiw.com

Holiday Inn® WORLDWIDE

Bass

TELL US ABOUT YOUR SUCCESSFUL TRADING

WE LOVE TO HEAR BULL

TRADERS

– Dublin IFSC

Our client is a successful proprietary investment vehicle with an exceptional growth track record. Based in Dublin's International Financial Services Centre, the company is gaining an increasing reputation in global equity investment, funds management and capital markets trading. Having recently released capital for the development of alternative strategies including futures fund management and hedge funds, the company now seeks to recruit trading professionals.

The requirement is for Traders of outstanding calibre both intellectually and mathematically. Preferably candidates should have a quantitative systematic bias to partner the company in constructing successful trading strategies with which to exploit the ever increasing market for non-traditional investment products. These are excellent opportunities for accelerated career development in a dynamic and exciting working environment.

Remuneration will not be a limiting factor for the right individuals.

Please write, in strict confidence, including full career details, quoting Reference Number 5527, to:

Ray Carolan,
KPMG Management Consulting,
1 Stokes Place,
St. Stephen's Green,
Dublin 2.
Fax: +353 1 708 1880.
E-mail: hr@kpmg.ie

Visit our web site at http://www.kpmg.ie

MEMBER OF THE EXECUTIVE SELECTION CONSULTANCIES ASSOCIATION

KPMG

Legal/Tax Proprietary Trading

City **£ Competitive**

Our client is one of the world's leading, fully integrated Investment Banks and is recognised as a major force in International Investment Banking.

They currently have a strong trading presence in the key global financial markets and have a leading market share in the domestic markets in London, Frankfurt and Paris.

Due to their increased success and competitiveness they have an exciting opportunity within their European Proprietary Trading Desk for a Lawyer or Accountant.

The role will involve:

* Working in an active trading environment.
* Using your tax or legal expertise to advise when analysing deals, companies and markets.
* Making Trading/Investment decisions based upon your analysis.

You should be:

* A self-motivated Accountant or Lawyer, with a good Degree or MBA qualification.
* A high achiever with experience and expertise advising within the financial markets.
* A team player with a keen interest in the financial markets.

Interested candidates should write to Rachel Taylor at Hogarth, Davies & Lloyd, Halton House, 20-23 Holborn, London EC1N 2JD enclosing a full curriculum vitae. Applications should be received by 7 October 1997.

HOGARTH DAVIES & LLOYD
EXECUTIVE SEARCH AND SELECTION

Int'l Operations Manager Experienced in directing operations for several U.S. manufacturing plants in Europe. French/English, other European languages a big plus. Oversee production, product development, industrial engineering & administration. C.V. and salary to: Recruiter P.O. Box 55151 Sherman Oaks, CA 91413 or fax 818 981 6585

CHIEF EXECUTIVE OFFICER

The Bank of N.T. Butterfield & Son Limited

HIGHLY COMPETITIVE PACKAGE • **BERMUDA**

The Bank

- Widely held public company listed on Bermuda Stock Exchange.
- Well-established and respected bank with assets in excess of $4 billion offering a comprehensive range of financial services for both private and institutional clients.
- Core business functions are asset management, treasury & capital markets and banking.
- 1,200 staff employed through international network and branches in Bermuda, Grand Cayman, Guernsey, Hong Kong and the UK.

The Position

- Full responsibility for future leadership, profitability and development of the bank. Report to Chairman.
- Provide operational leadership and drive ongoing profit improvement programme.
- Develop and implement strategy and lead review process.
- Develop and motivate a high performance executive team.
- Expand the Group through acquisition and/or other initiatives.

Qualifications

- Proven superior general management and administrative ability, and track record of profit achievement within International financial services industry.
- Minimum five years in an Executive Management position.
- Visible leadership profile, decisive, proactive approach and a results-oriented management style tempered by well-balanced judgement.
- Strong presence, excellent interpersonal skills. High performance standards, vision, energy and commitment to achieve success.
- International experience essential and must have operated in multi-cultural environment.
- Should be prepared to participate in the overall development of national initiatives aimed at improving the quality of local business environment.

Please apply in writing quoting "Butterfield" with full career and salary details to: Nicolas Crosthwaite, Managing Director, The Whitney Group, 17 Buckingham Gate, London SW1E 6LB. Tel: 0171 630 9255 Fax: 0171 233 7915

Alfred Berg is a leading investment bank in the Nordic countries with research as a core activity. Alfred Berg is a wholly owned subsidiary of ABN AMRO Bank of the Netherlands, one of the world's leading universal banks with offices in 70 countries. Alfred Berg has been operating in the Russian market since 1995, and today employs 20 professionals in Moscow.

Equity Analysts: Russia

Alfred Berg is seeking analysts with three to five years' experience in equity research for its expanding Russian research team. Fluency in Russian would be useful, but an intensive language course can be provided. The Russian research product is marketed through Alfred Berg's strong international network.

Please send applications, comprising a CV and covering letter to: *Charlotte Jakobson, Alfred Berg Fondkommission AB, Box 70447, S-107 25 Stockholm, Sweden.* All communications will be dealt with in the strictest confidence.

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A Senior American Banking Consultant
(Treasury/Derivatives/Corporate Finance), lecturing in NY Univ., seeks a senior consulting position in an Int'l BK or a corporation. Fluent in French & Arabic. Call Bill (201)339-5360 or Fax: (201)339-5361

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Position available for multi-lingual, seasoned marketing executive with financial services and options experience. Responsibilities include product marketing and management of The Options Industry Council's new London office.

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For further information please call: Toby Finden-Crofts on +44 0171 873 4027

FLEMINGS

Exciting opportunities for European Equities Traders

Flemings is an investment bank with a network of offices in 41 countries around the world. The bank's core businesses are asset management, investment banking and securities broking and research.

Our securities operation provides independent research on more than 3,200 stocks with an emphasis on global coverage, sectoral specialisation and emerging markets. Flemings has one of the largest global research and distribution capabilities of any of the world's investment banks.

As a result of the expansion of our successful European equities trading desk in London, we are now recruiting four traders to join our highly-experienced team. The desk trades a wide range of stocks in markets as diverse as France, Germany, Russia and the Middle East. Reporting to the head of trading, successful candidates will possess the following attributes:

- at least two years' experience as a trader
- a high level of numeracy
- the ability to trade accurately in highly-pressurised situations

This is an exciting opportunity for traders looking to further develop their careers.

To apply for one of the four vacancies, write by 10th October, to Sasha Sewell-Knight in our Personnel Department, enclosing your CV and details of your current remuneration..
Robert Fleming & Co. Limited, 25 Copthall Avenue, London EC2R 7DR

Compliance Officer

London **£ Excellent Package**

Our client is an international London based investment bank with an excellent reputation in treasury, project finance, trade finance and corporate finance including work within the emerging markets area. As a result of continuing growth and expansion, our client is seeking a talented and proactive individual to grow and develop its compliance function.

Reporting to the Head of Risk Management, the successful candidate will be responsible for maintaining strong relationships with the regulatory authorities, developing and implementing systems and procedures, reviewing advertising and marketing material and activities, training staff and providing expert advice and guidance to the businesses. This will be a highly autonomous role and requires a positive 'hands-on' approach.

Candidates should have a proven track record in compliance with a detailed knowledge of SFA regulations and, ideally, Bank of England wholesale money market regulations. Strong communication and relationship building skills and a confident and assertive manner are imperative.

This is an excellent opportunity for an energetic individual keen to set up and take responsibility for a compliance function and to develop expertise in emerging market compliance.

Interested applicants should contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN, quoting reference 373065. Alternatively, telephone her on 0171 269 2308 for an initial discussion.

Michael Page City
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London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

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DIRECTOR, ADVISORY – Far East & Asia *Package £200,000+*
Able to mastermind M&A and equity driven activities in the Far East from origination to closure. Top level local contacts, proven fee income generator.

ASSOCIATE DIRECTOR *Package c£150,000+*
Aged c35, a banker with previous accountancy or legal training and at least 2-3 years' Far East or Asian deal sourcing/closing skills.

MEDIA SPECIALIST *Package £100,000+*
A proactive banker/corporate financier aged 30-35 with a successful track record in offering advisory services to UK/European TV, Film, Telecom & Printing industries.

EXECUTIVES – EXECUTION *Package c£60,000*
Qualified ACA, Solicitor or banker with 2-3 years' experience covering M&A, risk/cashflow analysis, investigations, documentation etc.

For further information please telephone Brian Gooch on 0171-466 0666. Alternatively, fax your CV in confidence on 0171-466 0667 or write to Anderson's (UK) Limited, Financial Recruitment Specialists, Warnford Court, 29 Throgmorton Street, London EC2N 2AT.

London Anderson's Frankfurt

DEPUTY CHIEF EXECUTIVE

Circa £40,000 + benefits **Winchester**

For over 50 years Hampshire Voluntary Housing Society has been providing affordable homes for those in housing need With around 1000 units, the Society is committed to ongoing building development and rapid expansion has created this new key post of Deputy Chief Executive

The Job
The Deputy Chief Executive will play a key role within the senior management team accountable for defining the Society's strategic direction and planning to achieve its goals.

Responsibilities include:
- Deputising for the Chief Executive in the overall management and administration of the Society's business.
- Management of the Finance Team
- Treasury Management
- LAN/WAN Administration
- Maintenance, review and development of methods of financial control.

The Person
A qualified accountant, with a public or private sector background, skilled in presenting to and persuading funding institutions to assist in the development of the Society.

Experienced in both computerised accounting software and development of reliable network administration capability.

Interpersonal, communication and people-management skills of the highest order.

Please write enclosing a copy of your CV to Jenny Boam, Personnel Manager Hampshire Voluntary Housing Society, 6 St Clement Street, Winchester, Hants SO23 9DP.

Closing date:
Friday 10th October 1997

HAMPSHIRE

Finance/General Management

International financial manager with strong commercial focus

Greenland International is the export department of a manufacturer of agricultural equipment, with 4 factories in Holland, Germany and France. Total group employs some 1,200 people.

The export department consists of a small number of highly motivated and professional people. We are looking for a broadly experienced finance professional who will take responsibility for all finance and administrative matters, reporting to the general manager of the department.

Strong presentation, analytical and communication skills are essential. You will be fluent in English and German. Dutch and French would also be useful. You have excellent computer skills.

For this high-calibre, commercial role we are looking for a well qualified finance professional.
At least 10 years of working experience in a highly competitive international environment.

Your main responsibilities will be:
- annual budgetting, planning and control;
- general control of receivables, including advice and implementation of trading terms, finance plans and control against limits and costs;
- reporting of financials, orders and sales on a monthly and ad-hoc base;
- managing the Orderdesk (three persons);
- advice on IT and computer development;
- external contacts with customers, banks, finance institutes, auditors, lawyers etc.

If you are interested in this unique opportunity, please send your curriculum vitae to:

Greenland International
Att.: P.A. Rijkoort, general manager
P.O. Box 1000
2150 BA Nieuw-Vennep
Fax: +31 252 687 325

Also on Internet: www.jobnews.nl

GREENLAND

An outstanding opportunity for a high calibre credit professional

Deputy Head of Credit

London **£ Attractive Package**

Our client is one of the world's leading securities houses and provides the full range of investment banking service in the equity, bond and derivatives markets.

Continued expansion and a business strategy geared towards providing clients with a fully integrated and comprehensive service, has created an exceptional opportunity for a talented credit professional to join their credit risk function.

The Role
- Responsibility for managing all forms of credit risk which the firm incurs through its equity, bond and derivatives transactional business.
- Evaluation of potential counterparties, primarily for capital markets and derivatives products, preparation and presentation of credit applications to the Credit Committee and continuous monitoring of counterparty risks and markets.
- Working closely with front-line professionals assisting in the development of relationships with counterparts (primarily emerging markets) highlighting likely credit issues and advising on structures.

The Candidate
- Candidates should have a minimum of five years relevant experience gained in a securities firm/investment bank, or within the treasury and capital markets arm of an international bank.
- This demanding opportunity will require resilience, tenacity, ambition and the ability to quickly develop and sustain strong relationships with both colleagues and clients.
- The seniority of the role demands an individual with confidence and maturity to take responsibility for decisions in the absence of the Head of Credit.

This role represents an excellent opportunity to join a dynamic, forward-thinking institution that continues to grow in size and stature. An attractive salary and package will be awarded to the successful applicant, reflecting the experience and capabilities required for this challenging role.

Interested candidates should contact Simon Lewis on 0171 269 2316 for an initial discussion. Alternatively write to him, in the strictest confidence, enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Please quote ref 369293. Fax 0171 405 9649.

Michael Page City
International Recruitment Consultants
London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

GREENLAND

State Street is a leading global custodian with offices in 21 countries, serving customers as varied as pension funds and pooled funds in no less than 77 countries. Our key strengths lie in a broad and flexible product line, combined with employing leading-edge technology and 13,000 people; all firmly focused on providing a state-of-the-art service, in any currency.

Risk Manager

Salary c.£55,000

State Street is composed of a number of Business Units which work independently, but always with strong corporate oversight. A key figure in many of these Units is the Risk Manager who, mainly working closely with other people such as Credit and Risk Officers, ensures that all activities correctly meet with the Corporation's appetite for risk management. Thoroughly involving yourself in risk identification, analysis and management, particularly developing the knowledge to focus on its credit, market, fiduciary and operational concepts, your overall objectives will be to firstly keep Senior Management aware of the issues related to risk exposure and secondly, to take steps to mitigate any ongoing or future risks.

This is a demanding role with an exacting list of criteria. You must be either a fully qualified Chartered Accountant or equivalent, with experience of auditing processes or a similar work history. Knowledge of banking procedures would be advantageous, as you will be expected to contribute to strategic planning and introduce risk-related procedures. Some of your work will involve analysing legal agreements and contracts. This position reports to the European Financial Controller and the close collaboration with many Senior Managers requires you to have a credible and communicative personality which is able to cope with competing responsibilities.

STATE STREET. Serving Institutional Investors Worldwide™

The first step is to send your CV to Ben Morton, State Street, One Canada Square, London E14 5AF.

ACCOUNTANCY APPOINTMENTS

FINANCE DIRECTOR

NEW OPPORTUNITY WITH A DYNAMIC INTERNATIONAL PLC

HEATHROW **c. £75,000 + BONUS + CAR**

- A company within a leading international aviation support services group. The company turnover is close to £250 million accounting for a third of the group business and has seen impressive growth in the last year. The business operates in five countries and has plans for further expansion.
- Following decentralisation of Group Finance and the development of an exciting and bold new business strategy for the company, a Finance Director is now sought to establish and develop the financial team. Reporting directly to the Managing Director, the role will provide focused financial and commercial direction to the business.
- A key task will be to create and lead a recently devolved finance function capable of providing financial support and commercially incisive advice to the management team in order to obtain market advantage. This will require IT and finance systems. The role will integrate finance into all corners of the business providing a quality customer service.
- A qualified Chartered Accountant, probably from a customer orientated multi-site environment. You will have extensive financial management experience and a track record of applying this knowledge in a highly commercial, competitive and service led industry.
- A change manager, possessing the empathy to build team spirit across all disciplines of the business. First class communication skills and credibility to deal with senior management. Intellectually flexible, with the skill to apply financial solutions to commercial problems and create business opportunity.
- A rare chance to develop and integrate a finance function into a successful and vibrant business. This role offers the possibility of further career development within this rapidly changing and forward thinking group.

Please apply in writing quoting reference 1496 with full career and salary details to:
Keith McCambridge
Whitehead Selection
11 Hill Street, London W1X 8BB.
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

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- Influential and demanding position at the centre of the Group Finance function of a highly profitable organisation undergoing significant structural change from a centrally managed to a divisional organisation.
- The role is new within the organisation and will provide senior finance support to the Group Finance Director in managing the finance function throughout the group through the provision of quality information and analysis to the Board and in influencing the organisation beyond the traditional remit of the finance role.
- Will be responsible for developing a solid finance infrastructure to support the changing business needs including the establishment of controls, policies and a financial reporting system appropriate to best practice performance monitoring and planning in a decentralised group. Will also co-ordinate the Group's Tax, Treasury and Internal Audit functions.
- Graduate, Chartered Accountant with at least 5 years' post-qualified experience gained in a top ten professional firm or a Chartered Management Accountant preferably having worked in a major organisation during a period of significant change.
- Highly energetic and motivated. Ability to build credibility quickly and develop relationships at all levels.
- US GAAP knowledge would be useful, although not essential.

Please apply in writing quoting reference 1481 with full career and salary details to:
James Thorne
Whitehead Selection
4 The Courtyard, 707 Warwick Road, Solihull B91 3DA.
Tel: 0121 709 0909. Fax: 0121 709 0479
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
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هكذا من الأصل

Decide your own future

Nationwide **£ Excellent Packages**

Unexpected developments can sometimes lead to uncertainties over the direction your career is taking. Indeed, sometimes you may feel your efforts are not being duly recognised and rewarded.

At Arthur Andersen, we pride ourselves on our commitment to our people; their careers, their development and their training. Career progression is key to the success of our people and our business.

Our tax practice is always looking for some of the best and brightest talent. We would like to talk to professionals from both within and outside public practice and are particularly keen to hear from individuals with an industry specialism. We are recruiting in the following areas at all levels:

- Corporate and international tax consulting
- Transfer pricing
- Tax and treasury management
- Outsourcing
- Tax investigations
- Personal and partnership tax
- Personal financial planning
- Tax technology consulting
- Capital allowances
- VAT and customs
- Compensation strategy
- Executive incentives
- International expatriate tax
- Share scheme consultancy
- Actuarial and pensions
- HR consultancy

We will be more than happy to discuss your career options on an informal basis and can arrange for you to meet with a partner, manager or senior before you embark on the formal interview process.

For a confidential discussion, please contact David Buckley or Charles Ferguson at Michael Page Taxation on 0171 269 2245 or alternatively send your details to Michael Page Taxation, Page House, 39-41 Parker Street, London WC2B 5LN. If you prefer, you can call Arthur Andersen's tax recruitment team on 0171 438 5433.

Vacancies exist in Birmingham, Bristol, Cambridge, Edinburgh, Glasgow, Leeds, London, Manchester, Newcastle, Nottingham, Reading and St. Albans.

You can also visit the Arthur Andersen web site at http://www.ArthurAndersen.com/uk

Don't endure change - initiate it

ARTHUR ANDERSEN

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CIVIL AVIATION AUTHORITY

Head of Internal Audit

Central London **£45,000 + Car + Benefits**

The Civil Aviation Authority (CAA) is a recognised world leader, playing a critical role in the development of the aviation industry through the safety and economic regulation of British aviation and by providing air traffic control services to UK airspace. In addition, the CAA advises Government on aviation issues and represents consumer interests. The CAA has a turnover of £590 million and over 6,000 employees.

A position has arisen for a high calibre financial manager to take full responsibility for all the internal audit operations of the Authority. This role involves extensive liaison with all Departmental and Board Directors and will be heavily involved with the establishment of corporate standards, procedures and performance measures for the Authority, as well as liaison with the external auditors.

This is an environment undergoing significant change with more accountability being devolved into individual units. It is a highly challenging and rewarding role and will require a candidate with proven ability to identify and solve complex problems.

The successful applicant will be an experienced auditor, probably with a background in the 'Big 6' or a major commercial organisation and be able to demonstrate experience of operating at a senior level within complex businesses. A professional qualification, management skills and the ability to communicate at all levels are essential.

If you feel you have the skills to succeed in this high profile role then please write, enclosing CV and details of current package, to Stephen Rutherford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Fax: 0171 831 6293.

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JEWSON

Financial Planning Manager

Coventry **£38-45,000 + Car + Benefits**

Jewson is one of the leading builders merchants in the UK with a turnover of c £500 million. Part of a major international plc, Jewson operates through 200 branches and are well known to the general public due to their strong brand imaging. To ensure continued appeal to its main customer base, a number of developments in the organisation are reflecting a dynamic period of change.

Accordingly, Jewson are currently seeking an individual to join the senior finance team at the central office. Reporting to the Finance Director, this is a strategic role involving the co-ordination and evaluation of the budgeting and forecasting processes. In addition, development of reporting structures will be required to facilitate the above processes more effectively. The role will require close liaison with all levels of operational management within the business and will be proactively focussed towards strategic development.

Applications are sought from qualified accountants who either have experience of the financial planning function or from more broadly based backgrounds but with a knowledge of the merchanting/retail/leisure or distribution sectors.

The successful individual will need to think across the business with a broad commercial outlook and be capable of adapting to change within a dynamic environment. As this is a high profile role, you must be credible within the business, and able to challenge current approaches and apply new ones where appropriate.

Interested applicants should write enclosing full CV (including current remuneration details and where possible, daytime telephone number) quoting reference 373718 to Adam Leon, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, tel: 0121 625 3380.

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Operational Finance

Gloucester **Package to £40,000 + Relocation**

Our client is a privately owned engineering/manufacturing entity supplying to industry on a worldwide basis with turnover in excess of £75 million. The manufacturing plant is one of the most advanced in Europe with a strong reputation for performance and quality. Under a high energy Managing Director and strengthened management team, future strategy is to dramatically grow revenue, improve profitability and realign the customer base.

Business process re-engineering is currently in place with the focus on change management. This critical and newly created position is an integral part of the senior management team which will interface throughout all areas of the business. Initially, the role will be project driven, focusing on understanding costs in all departments, in particular, to the supply chain, thus ensuring effective management information is produced to aid decision making.

Ideally, you will be a qualified accountant, with a minimum of five years experience within a heavy industry/manufacturing environment and a practical knowledge of costing, production systems, purchasing, manufacture and supply. The position necessitates astute commercial interpretation, strong drive, with a 'completer finisher' mentality and the ability to persuade and influence. You will be a business focused professional, energetic and self motivated with strong communication skills and a down to earth 'shirtsleeved' operational style, with an ability to think outside the box! Ultimately, your efforts will be centred upon the bottom line and the decisions you make will have direct impact upon the future direction of the business. The requirement is to 'cut new ground, lead, teach, instil and be cost smart'. In return, the company offers excellent benefits and this is an exciting opportunity to be involved at the front end of the business and provide an ideal stepping stone to a number one role.

Interested candidates should send their CV and covering letter with full package details and a daytime telephone number, to Joanna Wilson ACMA at Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL, quoting reference NUSWFTR.

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Finance Director

Birmingham **c £45,000 + Substantial Bonus + FX Car + Bens**

Apollo Sports Technologies Limited is an international market leader in the design and manufacture of golf club shafts, javelins and cycle tubing. With a turnover of £15m and an impressive list of customers including Callaway, Cobra, Ping and Wilson, it is a significant part of an international sports related group which has recently floated on New York's NASDAQ market. With a Birmingham based manufacturing facility employing some 270 people, Apollo's largest market is the United States.

An exceptional Finance Director is now sought to take day to day control of the financial management function and to act as a key member of the management team on the formulation of overall strategic policy. Reporting to the Managing Director, specific duties will include:

- All management and financial reporting both in the UK and to the US including US GAAP. The role will also involve management of a subsidiary company finance function in the US.
- Maintenance and development of the banking relationship and cash management.
- Control of the day to day treasury function (including foreign exchange issues).
- Responsibility for the IT function and company secretarial matters.

Appropriate candidates will be qualified accountants with a proven track record of achievement in a commercial environment. A team player, you will have excellent interpersonal and man management skills gained in a manufacturing environment. Experience of international operations is advantageous.

Interested candidates should apply in writing quoting reference 373405, enclosing a current curriculum vitae (including salary and benefit details) and a telephone number to Stephen Wilson, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

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Where do you think you're going *sunshine?*

What's the weather like down your way? Cold, grey with a major depression forecast for the foreseeable future? Sounds like you're stuck in an intemperate zone. If you dream of getting away from it all, to a more progressive, stimulating and dynamic environment, linking up with Andersen Consulting could be the way to put some colour back into your cheeks.

You are intelligent, creative, resourceful and a good team player. You've developed in-depth financial skills, possess strong analytical ability and are commercially focused. You're good with people – clients and colleagues – and enjoy working in a practical results oriented environment.

Andersen Consulting is one of the world's largest management and technology consulting organisations. As part of our global finance team, your role will be instrumental to the success of our business. You will make a real impact on the financial management of our client projects. We will value and develop your skills in challenging and stimulating surroundings where ability is handsomely rewarded.

If you believe Andersen Consulting can fulfil your ambitions, or you would like to find out more about these nationwide opportunities, contact Malcolm Kelly at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Telephone: 0171 831 2000. Fax: 0171 831 2612.

e-mail: mkelly@michaelpage.com

ANDERSEN CONSULTING

FINANCE DIRECTOR

Yorkshire

To £40,000 + Car + Benefits

This is a rare opportunity to join a profitable, well-established and acquisitive group engaged in the provision of specialist services to a genuinely Blue Chip client base. A proven commitment to quality allied with a carefully planned growth strategy, leaves them well placed to build on an already enviable market position.

Reporting to and working closely with the Group Chief Executive, you will play a pivotal role in the strategic development of the group. You will assume responsibility for all statutory and management reporting; the enhancement of financial control procedures; systems implementation and development; as well as providing support and guidance to operational managers on key commercial issues.

A qualified accountant of graduate calibre and probably aged 30+, you will be able to demonstrate a track record of success within a customer focused environment. A strong personality, sound commercial judgement and the ability to communicate effectively at all levels are considered prerequisites for success within the role. Flotation or acquisitions experience whilst desirable is by no means essential.

Please write with full career and salary details to James J. Russell at Harrison Willis, Joseph's Well, Hanover Walk, Park Lane, Leeds LS3 1AB, fax 0113 246 6347. Alternatively, please telephone him on 0113 245 1671 for an informal discussion.
E-mail: leeds@hwgroup.co.uk
Internet: http://www.hwgroup.com

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INVESTOR IN PEOPLE

UK ACCOUNTING MANAGER

Thames Valley

To £40,000 + F/E Car and Exceptional Benefits

Our client is a subsidiary of a $0.5 billion US Corporation with 10,000 employees worldwide. The business services brand name, blue chip clients and is the world leader in its specialised field.

Their UK Head Office now needs a talented finance professional to play a leading role in the expansion, development and control of its business.

Reporting directly to the Financial Director, key responsibilities will include:

- Co-ordinating and overseeing production of the management reporting, responsible for providing Senior Management with business analysis and key information to influence the commercial decision making process.
- Management and development of the budget/forecast process, extensive internal dealings with senior non finance staff.
- Development of Management Information Systems.
- Working with Sales and Marketing, involvement in the bid process for potential new customers.

The successful candidate must be able to make an immediate impact on the team activities. You will have a recognised accounting qualification and at least 2 years' post-qualification experience, preferably gained in a large organisation. Individuals must possess an adaptable management style with superior communication and interpersonal skills. You will also be able to demonstrate high levels of commitment, drive and vision.

Candidates should apply in writing to Neal Utting or Jeremy Downes at Harrison Willis, 15 Station Road, Reading, Berks RG1 1LG. Tel: 0118 939 1003. Fax: 0118 939 3331. E-mail: reading@hwgroup.com
Internet: http://www.hwgroup.com

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INVESTOR IN PEOPLE

Financial Controller

Hertfordshire **to £40,000 + Car + Benefits**

Our client, a dynamic hi-tech Plc with an enviable record of growth since flotation in 1992, has recently acquired businesses in the UK and Holland and is expanding rapidly throughout Europe. The Group now employs over 400 staff and both profit and turnover have more than doubled since 1993.

A strategy of providing high quality, leading edge technology solutions to major customers finds them well placed to continue to grow organically and by acquisition.

Internal promotion, coupled with this rapid growth has created an opportunity for a proactive individual to become a key player within the management team.

Reporting to the Finance Director, you will be responsible for the management and development of an efficient accounting function.

Specific responsibilities will include:

- Timely production of management reports and forecasts/budgets.
- Development of financial and project based IT systems and processes.
- Consolidation of subsidiary accounts.
- Pro-active development of relationships with operational management.
- Management, development and motivation of accounting team.

Prospective candidates will be qualified accountants with man-management experience ideally gained within the IT or service sectors. However of greater importance are personal qualities which include resilience, determination, strong communication skills and the flexibility to thrive in a results orientated environment.

Interested candidates should forward an up-to-date copy of their curriculum vitae, quoting reference 372277 to Mark Doig at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
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Commercial Manager

£70,000 package **Location: Flexible**

Our client, a major player in the international mobile communications arena, is aggressively expanding its businesses throughout the global markets. Group turnover approaches £300m as the group moves closer to its medium term objective of a successful stock market flotation.

To perpetuate this phenomenal success story, the group plans to introduce a Commercial Manager into the International Division, to take on immediate commercial/financial line responsibilities, which will form the initial stage of a fast track career into general management with this rapidly expanding group of companies.

THE ROLE WILL INCLUDE:

- Reporting directly to the Divisional Managing Director with dotted line responsibility to the Group Finance Director.
- Full responsibility for the appraisal of all commercial activities of the business, including buying, selling, logistics and operations, liaising extensively with non-financial managers and directors.
- Responsibility for the appraisal and negotiations with commercial, professional and government bodies, ensuring that existing and new business ventures are able to take full advantage and operate effectively within the local market and community.
- Responsibility for the timely and accurate preparation of financial and commercial information, to ensure that strategic business decisions are thoroughly researched and commercially viable.

THE SUCCESSFUL CANDIDATE WILL:

- Be fully qualified (ACA, ACCA, ACMA) aged between 30 and 36, and able to demonstrate a track record of success in their career to date.
- Be ambitious, committed, determined, with an ability to set and achieve objectives, a clear thinker with first class interpersonal skills.
- Have excellent commercial acumen, an ability to see the 'bigger picture', whilst possessing a desire to be involved in detail that will ensure that an extremely close control of the business is maintained.
- SIGNIFICANT CAREER OPPORTUNITIES EXIST BOTH IN THE UK AND OVERSEAS.

Interested candidates should respond in writing in the first instance to our: Response Manager, David Sparks at Euro-Selection, Horton International 38 Grosvenor Gardens, London SW1W 0EB

GREAT BRITAIN
EURO SELECTION

MINORCO

Corporate Finance Analyst

International Career Development Opportunity

Minorco is a major international natural resources group, with principal interests in precious and base metals and industrial minerals. We now require a newly qualified accountant or a recent Masters in Finance graduate to join our Corporate Finance department in London.

We expect candidates to be of the highest calibre and, whilst not mandatory, would be especially interested to hear from those who can offer a first degree in scientific subjects and have an aptitude for languages.

The initial focus of this role will be a range of project evaluation work. In the medium term, there will be opportunities in many of the Group's businesses which will offer you broad international career development.

An attractive salary is offered for the position and, with the opportunity to develop a career in an organisation with a global value creation chain, this is an exceptional opportunity.

In the first instance, please send a copy of your curriculum vitae to Maurice Haraplak, Manpower Officer, Minorco Services (UK) Limited, 40 Holborn Viaduct, London EC1N 2PQ.

Coopers & Lybrand | Executive Resourcing

Ambitious Young Accountant Insurance

PARIS **TO £45,000 + BENEFITS**

Our client is an international insurance group of substance. The European business currently has over 200 staff and gross written premiums of around £260 million per annum, and continues to grow very strongly both organically and through acquisition. A Paris branch is being established in order to improve access to continental European markets.

Reporting to the Financial Controller in London, and working within the very professional framework of the parent, your remit will be to establish and operate the financial controls and processes appropriate to a start-up, but potentially rapid growth, business. There will therefore be real responsibility and the opportunity to make your mark on an increasingly significant area of the group.

A graduate calibre qualified accountant, probably Chartered, you will need at least a year's post qualification experience (although rather more could be helpful). This experience may have been gained either in the profession or commerce and will preferably include significant exposure to the non-life insurance sector. However, the quality of your training and the intelligence to get up to speed rapidly will be of even greater importance than the detail of your experience. At least a good working knowledge of French will be essential, and fluent French an advantage.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Tim Latham, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference TL1280 on both envelope and letter.

International Oil Industry

Highly competitive package — **London base**

Nimir is a young, privately owned Saudi organisation, committed to develop rapidly and expand into a competitive, global integrated energy group. The company has interests in South America, Europe, North Africa and the CIS and employs around 750 people.

NIMIR ENERGY SERVICES LIMITED, based in London, provides highly professional, technical and administrative support to these worldwide operations. It is in this demanding environment that these influential roles exist.

Ensuring the business as a whole maximises its potential, while complying with the most exacting of professional and ethical standards, you'll be expected to provide high level expertise on an international stage. As such, these roles will test the strength of your advocacy across an exceptionally challenging mix of work. Both call for regular overseas travel, outstanding presentation skills and a proven senior track record of advising a similarly structured global business.

The salary will fully reflect the levels of expertise sought, while additional benefits include pension, life assurance, family health cover, health insurance.

Audit Manager

Making a senior impact on the business, its procedures and - ultimately - its profitability, your brief is equally far-reaching. Policy, review and regular audit all feature heavily, as does the investigation and resolution of breaches in compliance. Most of all, you'll lead the drive towards continuous improvements. Reporting to - but working independently of - the Chief Financial Officer, you'll need the credentials to tackle such a powerful strategic role, so you'll be a chartered accountant with around 15 years' international expertise.

International Tax Manager

Charged with establishing proper tax structures and limiting exposure on an ambitious programme of international mergers, acquisitions and joint ventures you'll get a clear idea of the scope and nature of this role. Able to cut through complex issues and provide clear direction to senior managers and lawyers, you must be either ATII or a chartered accountant with at least 10 years' senior experience of international tax, preferably within the oil industry.

To apply, please send your CV, quoting current salary, to Andrew Scott-Priestley at the address below.

MKA MANAGEMENT CONSULTING LIMITED
Tectonic Place, Holyport Road,
Holyport, Maidenhead, Berks SL6 2YE.
Tel: (01628) 798015.
Fax: (01628) 798138.

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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

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Financial Times

Director of Finance

c.£40,000 per annum

About Preston College ...

With over 40,000 enrolments last year, Preston College is one of the ten largest College's in Britain. Located in Preston, Lancashire, we are a diverse provider of post-16 education.

About the role ...

We need high quality management information & planning processes within the broad definition of our Financial Strategy.

This key position will report directly to the Chief Executive whilst developing management planning systems, procedures and processes to achieve the College's financial objectives.

The postholder will also be one of the small group of senior postholders who provide direct advice to the Corporation Board and its committees.

About you ...

Professionally qualified in the Financial area, commercially experienced with strong interpersonal, communication and presentation skills. Experienced in leading and working within Senior Management Teams. A lateral thinker able to persuade and use initiative with enthusiasm.

What next ...

Contact Tony Callander, Director of Human Resources for an information pack and/or informal discussion.

Tony can be contacted on 01772 772298.

Closing date 10 October 1997.

Preston College is an Equal Opportunities Employer welcoming applications from all sections of the community

PRESTON COLLEGE

a changing business

Senior Accountants
QMG Andover, Hants
c£37k

Ministry of Defence

THE BUSINESS

The QMG is the Army logistics and storage operation with an annual expenditure in excess of £1b.

This is a multi-site operation with broad responsibility for management of equipment, storage, distribution, transportation and the provision of engineering services. Currently, embarking on a major programme of change with the introduction of commercial accounting systems, a number of new positions have been created within the corporate finance team.

THE POSTS

- A Financial Accountant is required for the successful creation and management of the group financial reporting function. As a focal point of financial accounting expertise, the role includes liaising with and advising the individual businesses. You will be responsible for the management of a team of up to 10.
- The Systems Development Accountant will play a key role in the implementation and development of the Oracle financial application system. Extensive experience of financial application systems is a prerequisite. This is an excellent opportunity for a proactive and positive individual to expand their skills and have a direct impact on the performance and development of the financial systems.
- As the Financial Accounts Manager you will have responsibility for the financial accounting processes for fixed assets and stocks. With significant assets this is a high profile role and you will manage a function of over 30 staff. The role demands both technical financial abilities and strong man management skills.

QUALIFICATIONS/EXPERIENCE

Qualified accountants (CCAB) with post-qualification commercial accounting experience. Knowledge and experience of a group accounting environment and systems skills would be a distinct advantage.

TERMS

- Three year fixed term appointments with the possibility of extension to five years and permanency;
- Membership of non-contributory Principal Civil Service Pension Scheme;
- Assistance with relocation if appropriate.

For further details and an application form (to be returned by 17 October 1997), write only to Mrs L Hunt, Accountancy Personnel, Room 24 Pinesgate East, Lower Bristol Road, Bath, BA1 5AB. Please quote ref AP/5/6/19.

Candidates may be considered for other similar posts within the MoD.

We are an equal opportunities employer and are fully committed to equal opportunity policies. The Ministry of Defence positively welcomes applications from suitable qualified individuals, irrespective of racial origin, sex or disability.

Consolidation Supervisor

£30-35,000

Paris

A multinational manufacturing group seeks a senior accountant to join its regional consolidation team based in Paris. The Europe, Africa and Middle East region has activities in over 20 countries, with a turnover in excess of $5 billion. Worldwide, group turnover is in excess of $10 billion, and is growing rapidly, both through internal expansion and acquisition.

Reporting to the head of consolidation, the Consolidation Supervisor will work with one other senior and two junior accountants. He/she will participate in the production of monthly, quarterly and year-end consolidations to US GAAP, and will undertake occasional special projects in the region. Some travel may be necessary.

Candidates should be qualified accountants from one of the "Big Six" accountancy firms. Experience should preferably include the audit of the consolidation of a large group. The working language is English, but ability in French or another language will be appreciated, though is not essential.

The Company has a policy of rapid promotion, and this head-office appointment is an ideal point of entry into this dynamic and profitable group.

NICHOLAS ANGELL
EXECUTIVE SEARCH CONSULTANTS

Please write to Nicholas Angell, 1 Northumberland Avenue, London WC2N 5BW.

IT Appointments

Senior Project Manager

State-of-the-art Risk Management

London — ***Competitive Package***

Our client is the investment management arm of one of the world's leading financial institutions with substantial assets under management. The group has recently implemented a complex state-of-the-art risk management system which is intended to form an integral part of the portfolio managers analytical tool kit.

There is now a requirement for a Senior Project Manager to take responsibility for support and future development of the system, initially in London and potentially on a global basis. The responsibilities will include: identifying the necessary functions required to support the system, recruiting and managing the necessary resources and carrying out significant development work.

The preferred candidate will have a strong quantitative academic background and five to seven years' application development experience, preferably with an investment bank. Working with the latest risk management technology, you should also be able to communicate at a very high level with investment professionals on the application of investment and risk management (eg VAR) theory.

You must have high fluency in object orientated programming, database techniques, Unix/Windows operating systems and high level programming skills (C++, Visual Basic, etc).

This is an outstanding opportunity to join the investment management arm of a major global bank. Career development prospects must be viewed as excellent. The remuneration package includes a competitive base salary, dependent on experience, plus a bonus and a full range of banking benefits.

Interested applicants please send a full résumé, quoting reference number 2663/41 to Siobhan Leahy or Gemma Fesemeyer at Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, telephone 0171 240 1040. Fax Number 0171 240 1052.

E-mail: info@morganbanks.co.uk

http://www.morganbanks.com.au

Morgan & Banks
INTERNATIONAL

INFORMATION TECHNOLOGY SPECIALISTS

BUSINESS SYSTEMS SPECIALIST

BRAND NEW HEDGE FUND

City — **Excellent remuneration and benefits package**

Our client is a hedge-fund firm. They recognise that technology is core to the success of their business and are seeking to recruit an experienced financial markets Business Systems Specialist to enable them to capitalise on trading using sophisticated arbitrage strategies.

This role involves designing, sourcing and implementing systems, interfaces between trader applications and time series databases, as well as analytics development, working with leading quantitative traders and the arbitrage business.

The ideal candidate will have at least four years' development under NT using either Visual Basic, Visual C++, Delphi or Borland C++ and any SQL database. In addition, you will have experience of FAME time series database (or similar) and market data. You will also be able to deliver in both a RAD and a structured development environment and hence should have a background from a leading software house. It is essential that you have trading floor development experience and are used to working in a high pressure environment with changing priorities and a demanding user base. At least one of the following business skills is essential: fixed income; equity derivatives; mortgage backed securities trading; emerging markets.

For further information, contact Karen Higgins, quoting reference KHFT334, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7HJ. Fax: 0171 247 7475. Email: khiggins@mcgregor-boyall.co.uk or visit our web-site at www.mcgregor-boyall.co.uk

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Business & Technology Selection for Financial Markets

INVESTMENT BANKING

Mathematical Analysts /Developers

CITY — **EXCELLENT PACKAGE**

Internal promotions and international transfers have resulted in a number of opportunities being created in this highly rated sophisticated team with a global presence in Fixed Income and Equities.

Our client has a strong commitment to developing and pioneering quantitative methods for pricing, hedging and valuing security and derivative instruments. This is a chance to have your contribution recognised and work within an elite team of trading professionals and risk managers.

In order to sustain their dynamic growth our client requires business orientated, mathematical technologists. The successful candidates must be able to demonstrate the talent, motivation and maturity to succeed in an environment where over achievement is the norm, and an international perspective is essential.

Ideally you should possess the following:

- 1 years commercial experience
- A good degree (1st or 2:1) preferably in mathematical, statistical or engineering discipline is required (PhD would be highly advantageous).
- Strong C/C++
- Proactive approach and the need to succeed

Please contact our retained consultants Danielle Lorenz, Adam Smith or Jonathan Leigh

Huxley Associates
INVESTMENT BANKING
17 St Helens Place, London EC3A 6DE

Tel: 0171 335 0005
Mobile: 0976 731 437
Fax: 0171 335 0008
Email: jobs@huxley.co.uk

Financial Engineer - Derivatives

London £contract rates

Our client requires a Software Designer/Developer to produce "Exotics" based fixed income models for an in-house trading system. Expertise in C++ is essential, preferably within a SUN/NT environment, and fixed income experience is desirable.

Please write to FUTURUS, 1 Leicester Place, London WC2H 7BP

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:

Chris Ibbotson on +44 171 873 3351

FIRST CHICAGO NBD

The First National Bank of Chicago

Systems Auditor — **Excellent Package**

First Chicago NBD, the eighth largest US Bank, is currently expanding its international activities. Following a recent promotion there is an opportunity for a high calibre IT professional to join the International Audit team based in London.

The role requires involvement in leading-edge systems development initiatives supporting the Bank's worldwide activities in treasury, derivatives and international banking. This is a highly visible and autonomous position involving limited travel to Asia and the United States, and requiring the ability to deal with management at all levels. The department adopts a consultative, proactive approach and maintains a risk based focus.

Ideally you will be a graduate with a professional qualification. Exposure to UNIX, client server architectures and PC based applications would be beneficial. Previous banking experience is not required but ambition, enthusiasm and a willingness to learn are essential. The career prospects for the right candidate are superb.

To apply please send a full CV with details of your current package quoting reference 376a to our advising consultant Matthew Clark at:
Parkwell Management Consultants Ltd, 8 Wilfred Street, London, SW1E 6PL
Tel: 0171-630-8000 Fax: 0171-233-5205 Email: parkwell@compuserve.com

Sales/Marketing Regional Manager

Seeking a technical consultant to provide project management/customer solutions to prospective clients for our London location.

Previous sales management experience and knowledge of S.W.I.F.T. products required. Total compensation potential $105,000 (US).

Contact: Joe Chin, Cornell Group International USA
Phone: (914) 565-8895, Fax: (914) 565-5658
Email: ZHSD65B@prodigy.com

For further information on the FTIT section please call Chris Ibboston on +44 (0) 171 873 3351

FTIT